

21. Notes to and forming part
of the Financial Statements
for the year ended
30 June 2019

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Note I. Administered Financial Statements

The Department administers, but does not control, certain resources on behalf of the Government as a whole. It is accountable for the transactions involving such administered resources, but does not have the discretion to deploy resources for the achievement of the Department's objectives.

I.1 Schedule of Administered Income and Expenses

	Notes	2019 Budget \$'000	2019 Actual \$'000	2018 Actual \$'000
Administered revenue and other income from transactions				
Sales of goods and services	15.2	17	130	91
Fees and fines	15.3	25 206	28 704	25 470
Interest		127	221	152
Other revenue	15.4	16 429	15 502	14 229
Total administered revenue and other income from transactions		41 779	44 557	39 942
Administered expenses from transactions				
Employee benefits	15.5	3 437	3 302	3 029
Depreciation and amortisation	15.6	109	117	117
Supplies and consumables	15.7	3 040	1 512	997
Grants and subsidies	15.8	259	824	847
Transfers to the Consolidated Fund		22 703	18 620	20 749
Other expenses	15.9	11 794	11 551	13 782
Total administered expenses from transactions		41 342	35 926	39 521
Administered net result from transactions attributable to the State		437	8 631	421
Administered other economic flows in administered net result				
Gain/(loss) on accounts receivable	15.10	-	(2 209)	(920)
(Increase)/decrease in Provision for Compensation Payable	15.14	-	1 475	9 793
Increase/(decrease) in future levies receivable	15.11	-	(4 377)	(9 668)
Total administered other economic flows included in net result		-	(5 111)	(795)
Administered net result		437	3 520	(374)
Administered comprehensive result		437	3 520	(374)

This Schedule of Administered Income and Expenses should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 15.1 of the accompanying notes.

I.2 Schedule of Administered Assets and Liabilities

	Notes	2019 Budget \$'000	2019 Actual \$'000	2018 Actual \$'000
Administered assets				
Administered financial assets				
Cash and deposits	15.17	22 112	24 580	21 920
Receivables	15.11	119 949	118 702	119 596
Administered non-financial assets				
Intangibles	15.12	483	468	584
Total administered assets		142 544	143 750	142 100
Administered liabilities				
Payables	15.13	3 181	3 293	3 671
Employee benefits	15.15	899	856	874
Provisions	15.14	85 699	84 306	85 781
Other liabilities		2	-	-
Total administered liabilities		89 781	88 455	90 326
Administered net assets		52 763	55 295	51 774
Administered equity				
Accumulated funds		52 763	55 295	51 774
Total administered equity		52 763	55 295	51 774

This Schedule of Administered Assets and Liabilities should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 15.1 of the accompanying notes.

I.3 Schedule of Administered Cash Flows

	Notes	2019 Budget \$'000	2019 Actual \$'000	2018 Actual \$'000
Administered cash flows from operating activities				
Administered cash inflows				
Sales of goods and services		17	138	68
Fees and fines		25 206	22 722	24 741
Interest received		127	221	152
Other cash receipts		16 429	14 896	14 691
Total administered cash inflows		41 779	37 977	39 652
Administered cash outflows				
Employee benefits		(3 431)	(3 319)	(3 041)
Supplies and consumables		(3 037)	(1 529)	(1 011)
Grants and transfer payments		(259)	(830)	(890)
Transfers to the Consolidated Fund		(22 703)	(18 620)	(20 749)
Other cash payments		(11 793)	(11 020)	(13 300)
Total administered cash outflows		(41 223)	(35 318)	(38 991)
Administered net cash from (used by) operating activities	15.18	556	2 659	661
Administered cash flows from investing activities				
Administered cash outflows				
Payments for acquisition of non-financial assets		-	-	-
Total administered cash outflows		-	-	-
Administered net cash from (used by) investing activities		-	-	-
Net increase (decrease) in administered cash held		556	2 659	661
Administered cash and deposits at the beginning of the reporting year		21 556	21 920	21 259
Administered cash and deposits at the end of the reporting year	15.17	22 112	24 579	21 920

This Schedule of Administered Cash Flows should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 15.1 of the accompanying notes.

I.4 Schedule of Administered Changes in Equity

	Notes	Accumulated surplus / deficit \$'000	Total equity \$'000
Balance as at 1 July 2018		51 774	51 774
Total comprehensive result		3 520	3 520
Total		3 520	3 520
Balance as at 30 June 2019		55 295	55 295

	Notes	Accumulated surplus / deficit \$'000	Total equity \$'000
Balance as at 1 July 2017		52 148	52 148
Total comprehensive result		(374)	(374)
Total		(374)	(374)
Balance as at 30 June 2018		51 774	51 774

This Schedule of Administered Changes in Equity should be read in conjunction with the accompanying notes.

Note 2. Departmental Output Schedules

2.1 Output Group Information

Budget information refers to original estimates and has not been subject to audit.

Output Group 1 – Administration of Justice

	2019 Budget \$'000	2019 Actual \$'000	2018 Actual \$'000
<i>Continuing operations</i>			
Revenue and other income from transactions			
Revenue from appropriation	39 703	41 614	41 336
Revenue from Reserved By Law	13 369	16 005	16 543
Grants	8 749	9 422	9 517
Sales of goods and services	726	684	774
Fees and fines	1 670	3 071	2 645
Other revenue	5 391	5 283	2 770
Total revenue and other income from transactions	69 608	76 078	73 585
Expenses from transactions			
Employee benefits	35 354	34 066	34 966
Depreciation and amortisation	2 184	2 179	2 258
Supplies and consumables	12 935	13 190	13 501
Grants and subsidies	16 612	17 213	17 397
Other expenses	5 298	8 629	6 278
Total expenses from transactions	72 383	74 917	74 400
Net result from transactions (net operating balance)	(2 775)	1 161	(815)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	-	20	-
Net gain/(loss) on accounts receivable	-	(2)	15
Total other economic flows included in net result	-	18	(15)
Net result	(2 775)	1 179	(800)
Comprehensive result	(2 775)	1 179	(800)
Expense by output			
I.1 Supreme Court Services	14 030	14 391	14 780
I.2 Magisterial Court Services	15 659	15 656	16 266
I.3 Births, Deaths and Marriages	1 665	1 414	1 391
I.4 Support and Compensation for Victims of Crime	8 348	10 789	8 496
I.5 Legal Aid	16 468	16 147	16 464
I.6 Protective Jurisdictions	3 667	4 801	4 085
I.7 Anti-Discrimination Commissioner	1 665	1 661	1 681
I.8 Elections and Referendums	5 925	5 683	6 995
I.9 Tasmanian Industrial Commission	1 397	1 082	1 090
I.10 Workers Rehabilitation and Compensation Tribunal	1 742	1 611	1 587
I.11 Resources Management Planning Appeals Tribunal	1 817	1 682	1 565
Total	72 383	74 917	74 400
Net Assets			
Total assets deployed for Administration of Justice		57 715	56 571
Total liabilities incurred for Administration of Justice		(7 242)	(7 458)
Net assets deployed for Administration of Justice		50 473	49 113

Output Group 2 – Legal Services

	2019 Budget \$'000	2019 Actual \$'000	2018 Actual \$'000
<i>Continuing operations</i>			
Revenue and other income from transactions			
Revenue from appropriation	32 542	8 236	7 147
Revenue from Reserved By Law	528	501	491
Grants	-	44	4
Sales of goods and services	162	467	229
Other revenue	-	235	355
Total revenue and other income from transactions	33 232	9 483	8 226
Expenses from transactions			
Employee benefits	7 043	7 157	6 188
Depreciation and amortisation	-	161	158
Supplies and consumables	1 141	1 648	1 447
Grants and subsidies	51	4	3
Other expenses	25 055	239	231
Total expenses from transactions	33 290	9 209	8 027
Net result from transactions (net operating balance)	(58)	274	199
Other economic flows included in net result			
Net gain/(loss) on accounts receivable	-	(1)	1
Total other economic flows included in net result	-	(1)	1
Net result	(58)	273	200
Comprehensive result	(58)	273	200
Expense by output			
2.1 Crown Law	6 761	7 211	6 659
2.2 Legislation Development and Review	26 529	1 998	1 368
Total	33 290	9 209	8 027
Net Assets			
Total assets deployed for Legal Services		4 296	3 963
Total liabilities incurred for Legal Services		(1 917)	(1 519)
Net assets deployed for Legal Services		2 379	2 444

Output Group 3 – Corrections and Enforcement

	2019 Budget \$'000	2019 Actual \$'000	2018 Actual \$'000
<i>Continuing operations</i>			
Revenue and other income from transactions			
Revenue from appropriation	90 163	91 674	83,220
Grants	-	787	518
Sales of goods and services	2 816	2 863	2 580
Other revenue	825	1 271	965
Total revenue and other income from transactions	93 804	96 595	87 283
Expenses from transactions			
Employee benefits	65 680	69 018	62 023
Depreciation and amortisation	5 611	5 345	5 501
Supplies and consumables	22 958	22 035	19 178
Grants and subsidies	350	491	211
Other expenses	5 395	5 896	5 917
Total expenses from transactions	99 994	102 785	92 830
Net result from transactions (net operating balance)	(6 190)	(6 190)	(5 547)
Other economic flows included in net result			
Net gain/(loss) on accounts receivable	-	2	16
Total other economic flows included in net result	-	2	16
Net Result	(6 190)	(6 188)	(5 531)
Comprehensive result	(6 190)	(6 188)	(5 531)
Expense by output			
3.1 Prison Services	82 936	82 495	76 394
3.2 Community Corrective Services	11 875	15 555	11 869
3.3 Enforcement of Monetary Penalties	5 183	4 735	4 567
Total	99 994	102 785	92 830
Net Assets			
Total assets deployed for Corrections and Enforcement		106 799	105 685
Total liabilities incurred for Corrections and Enforcement		(19 095)	(17 511)
Net assets deployed for Corrections and Enforcement		87 704	88 174

Output Group 4 – Regulatory and Other Services

	2019 Budget \$'000	2019 Actual \$'000	2018 Actual \$'000
<i>Continuing operations</i>			
Revenue and other income from transactions			
Revenue from appropriation	17 503	16 660	16 909
Grants	-	267	35
Sales of goods and services	280	420	386
Fees and fines	7 617	9 051	9 401
Interest	853	998	781
Other revenue	3 711	4 146	3 454
Total revenue and other income from transactions	29 964	31 542	30 966
Expenses from transactions			
Employee benefits	19 394	18 096	19 058
Depreciation and amortisation	17	245	207
Supplies and consumables	7 150	6 198	6 776
Grants and subsidies	628	151	720
Other expenses	3 422	6 264	5 826
Total expenses from transactions	30 611	30 954	32 587
Net result from transactions (net operating balance)	(647)	588	(1 621)
Other economic flows included in net result			
Net gain/(loss) on accounts receivable	-	(1)	2
Total other economic flows included in net result	-	(1)	2
Comprehensive result	(647)	587	(1 619)
Expense by output			
4.1 WorkSafe Tasmania	10 716	8 735	9 708
4.2 Tasmanian Planning Commission	4 860	3 689	3 949
4.3 Planning Policy and Reform	771	894	1 169
4.4 Consumer, Building and Occupational Services	14 264	17 636	17 761
Total	30 611	30 954	32 587
Net Assets			
Total assets deployed for Regulatory and Other Services		14 882	15 138
Total liabilities incurred for Regulatory and Other Services		5 378	(5 933)
Net assets deployed for Regulatory and Other Services		9 504	9 205

Output Group – Infrastructure Investment

	2019 Budget \$'000	2019 Actual \$'000	2018 Actual \$'000
<i>Continuing operations</i>			
Revenue and other income from transactions			
Appropriation revenue – works and services	13 700	4 802	2 355
Other revenue from Government	-	1 561	824
Total revenue and other income from transactions	13 700	6 363	3 179
Expenses from transactions			
Supplies and consumables	-	1 270	742
Employee entitlements	-	273	-
Other expenses	-	22	1
Total expenses from transactions	-	1 565	743
Net result from transactions (net operating balance)	13 700	4 798	2 436
Comprehensive result	13 700	4 798	2 436
Expense by output			
92.887 New Northern Prison	-	169	-
92.888 New Southern remand Centre	-	328	-
92.889 Upgraded Burnie Court Complex	-	102	-
92.990 Mary Hutchinson Women's Prison Infrastructure Upgrades	-	80	95
92.992 Ron Barwick Minimum Security Prison CCTV Upgrades	-	-	19
92.996 RBMSP Accommodation	-	871	629
92.997 O'Hare Accommodation	-	15	-
Total	-	1 565	743
Net Assets			
Total assets deployed for Infrastructure Investment		2 162	1 561
Total liabilities incurred for Infrastructure Investment		(2 741)	(1 656)
Net assets deployed for Infrastructure Investment		(579)	(95)

Infrastructure Investment includes the Capital Investment Program. Further details of specific projects within this Program are included in Note 13.3 Acquittal of Capital Investment and Special Capital Investment Funds.

2.2 Reconciliation of Total Output Groups Comprehensive Result to Statement of Comprehensive Income

	2019 Budget \$'000	2019 Actual \$'000	2018 Actual \$'000
Total comprehensive result of Output Groups	4 030	642	(5 314)
Comprehensive result	4 030	642	(5 314)

2.3 Reconciliation of Total Output Groups Net Assets to Statement of Financial Position

	2019 Actual \$'000	2018 Actual \$'000
Total net assets deployed for Output Groups	149 483	148 841
Net assets	149 483	148 841

2.4 Administered Output Schedule

Budget information refers to original estimates and has not been subject to audit.

Output Group 1 – Administration of Justice

	2019 Budget \$'000	2019 Actual \$'000	2018 Actual \$'000
Administered revenue and other income from transactions			
Sales of goods and services	-	125	91
Fees and fines	3 675	3 739	3 522
Other revenue	30	23	64
Total administered revenue and other income from transactions	3 705	3 887	3 677
Administered expenses from transactions			
Transfers to the Consolidated Fund	3 705	3 872	3 598
Other expenses	-	22	46
Total administered expenses from transactions	3 705	3 894	3 644
Administered net result from transactions (net operating balance)	-	(7)	33
Administered other economic flows included in net result			
Gain/(loss) on accounts receivable	-	(7)	(32)
Total administered other economic flows included in net result	-	(7)	(32)
Administered net result	-	(14)	1
Total administered comprehensive result	-	(14)	1
Administered expense by output			
I.1 Supreme Court Services	1 079	1 079	841
I.2 Magisterial Court Services	582	582	622
I.3 Births, Deaths and Marriages	1 972	1 972	1 953
I.8 Elections and Referendums	52	82	181
I.11 Resources Management Planning Appeals Tribunal	20	157	47
Total	3 705	3 872	3 644
Administered financial assets			
Cash and deposits		19	6
Receivables		124	143
Total administered assets		143	149
Administered liabilities			
Creditors and accruals		(2)	-
Total administered net assets		141	149
Administered Net Assets			
Total administered assets deployed for Administration of Justice		143	149
Total administered liabilities incurred for Administration of Justice		(2)	-
Administered net assets deployed for Administration of Justice		141	149

Output Group 3 – Corrections and Enforcement

	2019 Budget \$'000	2019 Actual \$'000	2018 Actual \$'000
Administered revenue and other income from transactions			
Fees and fines	20 625	23 817	20 663
Other revenue	-	5	6
Total administered revenue and other income from transactions	20 625	23 822	20 669
Administered expenses from transactions			
Transfers to the Consolidated Fund	18 125	13 652	15 904
Other expenses	2 500	4 450	4 316
Total administered expenses from transactions	20 625	18 102	20 220
Administered net result from transactions (net operating balance)	-	5 720	449
Administered other economic flows included in net result			
Gain/(loss) on accounts receivable	-	(2 202)	(887)
Total administered other economic flows included in net result	-	(2 202)	(887)
Administered net result	-	3 518	(438)
Total administered comprehensive result	-	3 518	(438)
Administered expense by output			
3.3 Enforcement of Monetary Penalties	20 625	18 102	20 220
Total	20 625	18 102	20 220
Administered financial assets			
Cash and deposits		1 525	1 231
Receivables		54 502	51 018
Total administered assets		56 027	52 249
Administered liabilities			
Creditors and accruals		(1 215)	(950)
Total administered net assets		53 287	(950)
Administered Net Assets			
Total administered assets deployed for Corrections and Enforcement		56 027	52 362
Total administered liabilities incurred for Corrections and Enforcement		(1 215)	(950)
Administered net assets deployed for Corrections and Enforcement		54 812	51 299

Output Group 4 – Regulatory and Other Services

	2019 Budget \$'000	2019 Actual \$'000	2018 Actual \$'000
Administered revenue and other income from transactions			
Sales of goods and services	7	-	-
Fees and fines	856	1 092	1 246
Other revenue	10	5	-
Total administered revenue and other income from transactions	873	1 097	1 246
Administered expenses from transactions			
Transfers to the Consolidated Fund	873	1 097	1 246
Other Expenses	-	-	-
Total administered expenses from transactions	873	1 097	1 246
Administered net result from transactions (net operating balance)	-	-	-
Administered other economic flows included in net result	-	-	-
Total administered comprehensive result	-	-	--
Administered expense by output			
4.1 WorkSafe Tasmania	611	787	835
4.2 Tasmanian Planning Commission	20	13	15
4.4 Consumer, Building and Occupational Services	242	297	396
Total	873	1 097	1 246
Administered Net Assets			
Total administered assets deployed for Resource Planning		-	-
Total administered liabilities incurred for Resource Planning		-	-
Administered net assets deployed for Resource Planning		-	-

Output Group 91 – Administered Expenses

	2019 Budget \$'000	2019 Actual \$'000	2018 Actual \$'000
Administered revenue and other income from transactions			
Sales of goods and services	10	5	-
Fees and fines	50	56	39
Interest	127	221	152
Other revenue	16 389	15 467	14 159
Total administered revenue and other income from transactions	16 576	15 749	14 350
Administered expenses from transactions			
Employee benefits	3 437	3 302	3 029
Depreciation and amortisation	109	117	117
Supplies and consumables	3 040	1 512	997
Grants and subsidies	259	824	847
Other expenses	9 294	7 078	9 421
Total administered expenses from transactions	16 139	12 833	14 411
Administered net result from transactions (net operating balance)	437	2 916	(61)
Administered other economic flows included in net result			
Gain/(loss) on accounts receivable	-	1	(1)
(Increase)/decrease in Provision for Compensation Payable	-	1 475	9 793
Increase/(decrease) in future levies receivable	-	(4 377)	(9 668)
Total administered other economic flows included in net result	-	(2 901)	124
Administered net result	437	15	63
Total administered comprehensive result	437	15	63
Administered expense by output			
91.753 Bail Monies Magistrates Court	-	199	178
91.754 WorkCover Tasmania Board	9 345	8 113	7 478
91.755 Asbestos Compensation Fund	6 794	4 521	6 755
Total	16 139	12 833	14 411
Administered financial assets			
Cash and deposits		23 036	20 683
Receivables		64 076	68 435
Administered non-financial assets			
Intangibles		467	584
Total administered assets		87 579	89 702
Administered liabilities			
Creditors and accruals		(2 077)	(2 721)
Employee Benefits		(856)	(874)
Provisions		(84 306)	(85 781)
Total administered liabilities		87 239	(89 376)
Total administered net assets		340	326
Administered Net Assets			
Total administered assets deployed for Administered Payments		87 579	89 702
Total administered liabilities incurred for Administered Payments		87 239	(89 376)
Administered net assets deployed for Administered Payments		340	326

2.5 Reconciliation of Total Administered Output Groups Comprehensive Result to Administered

Statement of Changes in Equity

	2019 Budget \$'000	2019 Actual \$'000	2018 Actual \$'000
Total administered net result of Output Groups	437	3 520	(374)
Net surplus (deficit)	437	3 520	(374)

2.6 Reconciliation of Total Administered Output Groups Net Assets to Schedule of Administered Assets and Liabilities

	2019 Actual \$'000	2018 Actual \$'000
Total administered net assets deployed for Output Groups	55 295	51 774
Administered net assets	55 295	51 774

Note 3. Expenditure under Australian Government Funding Arrangements

	State Funding 2019 Actual \$'000	Australian Government Funding 2018 Actual \$'000	2019 Actual \$'000	2018 Actual \$'000
National Partnership Payments				
Via appropriation				
Legal Aid Commission	7 677	7 455	-	-
Direct funding				
Legal Aid Commission	-	-	6 508	6 458
Community Legal Centres	-	-	1 576	1 538
National Outcome Standards for Perpetrator Interventions	-	-	-	170
Family Advocacy Support Service	-	-	605	605
National Healthcare Funding				
Via appropriation				
Court Mandated Diversion Program	-	-	2 034	1 907
Total	7 677	7 455	10 723	10 678

Revenue from National Partnership Payments is received by the Department via its annual appropriation. Expenditure to the Legal Aid Commission and Community Legal Centres is made via grants. Refer Note 7.4.

Note 4. Explanations of Material Variances between Budget and Actual Outcomes

Budget information refers to original estimates as disclosed in the 2018-19 Budget Papers and is not subject to audit.

The following are brief explanations of material variances between Budget estimates and actual outcomes. Variances are considered material where the variance exceeds 10 per cent of Budget estimate and \$1 million or greater than \$10 million.

4.1 Statement of Comprehensive Income

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation revenue – recurrent	(a)	193 808	174 689	(19 119)	(11)
Appropriation revenue - works and services	(b)	13 700	4 802	(8 898)	(65)
Other revenue from Government	(c)	-	1 561	1 561	>100
Grants	(d)	8 749	10 519	1 770	20
Fees and Fines	(e)	9 287	12 122	2 835	31
Other revenue	(f)	9 927	10 935	1 008	10
Other expenses	(g)	39 170	20 690	(18 480)	(47)

Notes to Statement of Comprehensive Income variances

- (a) This decrease is due to the timing of expenditure for payments under the National Redress Scheme. Tasmania officially entered the Redress Scheme on 1 November 2018. Due to the timing of payments, \$24 million of the original \$25 million in funding for 2018-19 has been re-cashflowed into future years. This decrease was partly offset by the receipt of an additional \$5.5 million for the Prison Service as part of the *Consolidated Fund Appropriation (Supplementary Appropriation for 2018-19) Act 2019*.
- (b) This decrease is due to the timing of expenditure in various Departmental capital projects. The unspent funding has been re-cashflowed into future years. Refer to Note 13.4 for further details.
- (c) This increase is due to the timing of expenditure and carry forward of funding under section 8A of the Public Account Act from 2017-18 to 2018-19. These carry forwards relate to capital projects at the Mary Hutchinson Women's Prison and the Ron Barwick Minimum Security Prison.
- (d) This increase is due to additional grants received under the Safe Home, Safe Families program, in addition to reimbursements for the Justice Connect program along with other Structured Infrastructure Investment Review Processes not budgeted for. Refer to Note 6.2 for further details.
- (e) This increase is primarily due to a higher levels of fees received for the provision of building permit levies and building and occupational licences than budgeted for. Refer Note 6.4 for further details.
- (f) This increase is primarily due to additional revenue associated with Working With Vulnerable People applications, reimbursement of costs of holding 2018 Local Government elections and increases in Supreme Court revenues. Refer to Note 6.6 for further details.
- (g) This decrease is due to the timing of payments under the National Redress Scheme which commenced on 1 November 2018 in Tasmania. As noted in note (a) above, the majority of this funding and associated expenditure was not required in 2018-19 and has been re-cashflowed into future years. This decrease was partially offset by increases in costs awarded to victims of crime and electrical safety inspection fees. Refer to Note 7.5 for further details.

4.2 Statement of Financial Position

Budget estimates for the 2018-19 Statement of Financial Position were compiled prior to the completion of the actual outcomes for 2018-19. As a result, the actual variance from the Original Budget estimate will be impacted by the difference between estimated and actual opening balances for 2018-19. The following variance analysis therefore includes major movements between the 30 June 2018 and 30 June 2019 actual balances.

	Note	Budget \$'000	2019 Actual \$'000	2018 Actual \$'000	Budget Variance \$'000	Actual Variance \$'000
Cash and deposits	(a)	22 832	30 398	28 544	7 566	1 854
Intangibles	(b)	3 272	6 454	3 830	3 182	2 624
Other liabilities	(c)	73	2 621	1 561	2 548	1 060

Notes to Statement of Financial Position variances

- (a) This increase is primarily due to the actual cash balance as at 30 June 2018 being higher than estimated in the 2017-18 Budget, in addition to an increase in funding carried forward under section 8A of the Public Account Act. Refer Note 10.4 for further details.
- (b) This increase is due to development work undertaken and capitalised on a number of IT systems including MyBond and Justice Connect not budgeted for.
- (c) The increase is due to an increase in funding carried forward under section 8A of the Public Account Act. Refer to Notes 10.4 for further details.

4.3 Statement of Cash Flows

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation receipts – recurrent	(a)	193 808	177 310	(16 498)	(9)
Grants	(b)	8 749	10 675	1 926	22
Fees and fines	(c)	9 287	12 123	2 836	31
GST receipts	(d)	5 700	7 407	1 707	30
GST payments	(d)	5 700	7 356	1 656	29
Other cash payments	(e)	39 170	20 859	(18 311)	(47)
Receipts from non-operational capital funding – Works and services	(f)	13 700	4 802	(8 898)	(65)
Payments for acquisition of non-financial assets	(g)	13 700	8 801	(3 317)	(36)

Notes to Statement of Cash Flows variances

- (a) This decrease is due to the timing of expenditure for payments under the National Redress Scheme. Tasmania officially entered the redress Scheme on 1 November 2018. Due to the timing of payments, \$24 million of the original \$25 million in funding for 2018-19 has been re-cashflowed into future years. This decrease was partly offset by the receipt of an additional \$5.5 million for the Prison Service as part of the *Consolidated Fund Appropriation (Supplementary Appropriation for 2018-19) Act 2019*. Refer to Note 6.1 for further details.
- (b) This increase is due to additional grants received under the Safe Home, Safe Families program, in addition to reimbursements for the Justice Connect program along with other Structured Infrastructure Investment Review Processes not budgeted for. Refer to Note 6.2 for further details.
- (c) This increase is primarily due to higher levels of fees received for the provision of building permit levies and building and occupational licences than budgeted for. Refer Note 6.4 for further details.
- (d) This increase is due to increased payments for goods and services, in particular relating to capital project related expenditure.
- (e) This decrease is due to the timing of payments under the National Redress Scheme. As noted in note (a) above, the majority of this funding and associated expenditure was not required in 2018-19 and has been re-cashflowed into future years. This decrease was partially offset by increases in costs awarded to victims of crime and electrical safety inspection fees. Refer to Note 7.5 for further details.
- (f) This decrease is due to the timing of expenditure on various Departmental capital projects. The unspent funding has been re-cashflowed into future years. Refer to Note 13.4 for further details.
- (g) This decrease is due to the timing of expenditure on various Departmental capital projects. The unspent funding has been re-cashflowed into future years. This is partly offset by development work undertaken and capitalised on a number of IT systems including MyBond and Justice Connect not budgeted for.

Note 5. Underlying Net Operating Balance

Non-operational capital funding is the income from transactions relating to funding for capital projects. This funding is classified as revenue from transactions and included in the net operating balance. However, the corresponding capital expenditure is not included in the calculation of the net operating balance. Accordingly, the net operating balance will portray a position that is better than the true underlying financial result.

For this reason, the net operating result is adjusted to remove the effects of funding for capital projects.

	Note	2019 Budget \$'000	2019 Actual \$'000	2018 Actual \$'000
Net result from transactions (net operating balance)		4 030	624	(5 348)
<i>Less impact of Non-operational capital funding</i>				
Revenue from Government – works and services	6.1	13 700	4 802	2 355
Other revenue from Government	6.1	-	1 561	824
Total		13 700	6 363	3 179
Underlying Net operating balance		(9 670)	(5 739)	(8 527)

Note 6. Revenue from Transactions

Income is recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

6.1 Revenue from Government

Appropriations, whether recurrent or capital, are recognised as revenues in the period in which the Department gains control of the appropriated funds. Except for any amounts identified as carried forward, control arises in the period of appropriation.

Revenue from Government includes revenue from appropriations, appropriations carried forward under section 8A(2) of the Public Account Act 1986 and Items Reserved by Law.

Section 8A(2) of the Public Account Act allows for an unexpended balance of an appropriation to be transferred to an Account in the Special Deposits and Trust Fund for such purposes and conditions as approved by the Treasurer. In the initial year, the carry forward is recognised as a liability, Revenue Received in Advance (refer Note 10.4). The carry forward from the initial year is recognised as revenue in the reporting year, assuming that the conditions of the carry forward are met and the funds are expended.

The Budget information is based on original estimates and has not been subject to audit.

	2019 Budget \$'000	2019 Actual \$'000	2018 Actual \$'000
<i>Continuing operations</i>			
Appropriation revenue - recurrent			
Current year	179 911	158 184	148 612
R008 Salary, Solicitor-General	528	501	491
R010 Salaries of Magistrates	5 043	5 235	4 965
R011 Salaries of Judges	3 630	3 638	3 580
R012 Salary and Travelling Allowance of Associate Judge of the Supreme Court	449	425	417
R051 Expenses of Parliamentary Elections and Referendums	2 730	2 455	5 433
R072 Criminal Injuries Compensation Fund	1 500	4 250	1 970
R075 Expenses under the Legislative Council Electoral Boundaries Act	12	1	156
R077 Expenses of the Aboriginal Land Council of Tasmania	5	1	22
Total	193 808	174 690	165 646
Revenue from Government - other			
Appropriation carried forward under section 8A(2) of the <i>Public Account Act 1986</i> taken up as revenue in the current year	-	1 561	824
Total	-	1 561	824
<i>Non-operational capital funding</i>			
Appropriation revenue – works and services	13 700	4 802	2 355
Total	13 700	4 802	2 355
Total revenue from Government	207 508	181 053	168 825

6.2 Grants

Grants payable by the Australian Government are recognised as revenue when the Department gains control of the underlying assets. Where grants are reciprocal, revenue is recognised as performance occurs under the grant.

Non-reciprocal grants are recognised as revenue when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

	2019 \$'000	2018 \$'000
<i>Continuing operations</i>		
Grants from the Australian Government	7 479	8 166
Grants from State Government	3 020	1 908
Grants from non-government sources	20	-
Total	10 519	10 074
Total revenue from Grants	10 519	10 074

The grants received from the Australian Government are grants for Legal Aid (\$7.479 million).

Grants received from the State Government include grants for the Safe Homes Safe Families Action Plan (\$1.61 million) and for various Structured Infrastructure Investment Review Processes (\$1.41 million).

6.3 Sales of Goods and Services

Amounts earned in exchange for the provision of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the provision of services is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

	2019 \$'000	2018 \$'000
Crown Law – commercial and civil legal charges	433	206
Births, Deaths and Marriages – provision of statistical data	10	9
Tasmania Prison Service – Industry Sales	2 315	2 236
Magistrates and Supreme Court charges	441	458
Service level agreement revenue	1 172	1 032
Other sales of goods and services	62	28
Total	4 433	3 969

6.4 Fees and Fines

Revenue from fees and fines is recognised when an obligation to pay arises, pursuant to the issue of an assessment.

Interest is charged on outstanding amounts and is brought to account, where possible, on an accrual basis, or otherwise as it is received. Receivables are assessed at balance date for impairment.

	2019 \$'000	2018 \$'000
Building permit levy	1 683	1 625
Security agents fees	235	217
Probate fees	1 697	1 797
Civil registry fees	417	346
Building practitioners accreditation	7	858
Workplace standards	30	27
Electrical Safety Inspections Fees	3 992	3 943
Building and Occupational Licences	3 059	2 636
Other fees	1 003	597
Total	12 123	12 046

6.5 Interest

Interest on funds invested is recognised as it accrues using the effective interest rate method.

6.6 Other Revenue

Revenue from other sources is recognised when the Department gains control of the funds and it is probable that the inflow of funds has occurred and can be reliably measured.

	2019 \$'000	2018 \$'000
Property rental	37	40
Cash received on behalf of third parties	226	64
Magistrates and Supreme Court fees	1 062	499
Electoral Office	2 802	542
Tasmania Prison Service	769	739
Consumer Affairs	246	534
Workers Rehabilitation Tribunal	1 333	1 333
WorkSafe Tasmania	150	151
Working With Vulnerable People	3 581	2 710
Guardianship and Administration Board	279	249
Other revenue	450	682
Total	10 935	7 544

Note 7. Expenses from Transactions

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.

7.1 Employee Benefits

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

(a) Employee expenses

	2019 \$'000	2018 \$'000
Wages and salaries	109 000	105 682
Superannuation – defined contribution scheme	12 967	11 127
Superannuation – defined benefit scheme	2 196	2 226
Other employee expenses	4 447	3 200
Total	128 610	122 235

Superannuation expenses relating to defined benefits schemes relate to payments into the Consolidated Fund. The amount of the payment is based on a Department employer contribution rate determined by the Treasurer, on the advice of the State Actuary. The Department employer contribution is 12.95 per cent (2018: 12.95 per cent) of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to the relevant superannuation fund at a rate of 9.5 per cent (2018: 9.5 per cent) of salary. In addition, departments are also required to pay into Consolidate Fund a “gap” payment equivalent to 3.45 per cent (2018: 3.45 per cent) of salary in respect of employees who are members of the contribution schemes.

(b) Remuneration of Key management personnel

2019	Short-term benefits		Long-term benefits			Total \$'000
	Salary \$'000	Other Benefits \$'000	Super- annuation \$'000	Leave Benefits \$'000	Termination Benefits \$'000	
Key management personnel						
Kathrine Morgan-Wicks, Secretary	326	22	31	(16)	-	363
Dale Webster, Deputy Secretary Corporate & Strategy (Acting Deputy Secretary Corrections from 31-10-18 to 12-12-18 and appointed as Deputy Secretary Corporate & Strategy from 4-3-19)	80	6	10	9	-	105
Nick Evans, Deputy Secretary Corrections	201	20	26	(36)	-	211
Kristy Bourne, Deputy Secretary Administration of Justice	202	2	18	5	-	227
Total	809	50	85	(39)	-	905

2018	Short-term benefits		Long-term benefits			
	Salary \$'000	Other Benefits \$'000	Super- annuation \$'000	Leave Benefits \$'000	Termination Benefits \$'000	Total \$'000
Key management personnel						
Kathrine Morgan-Wicks, Secretary (Acting Secretary from 19-8-17 and appointed as Secretary on 28-3-18)	257	13	24	42	-	336
Simon Overland, Secretary (to 18-8-17)	58	-	6	(59)	22	27
Nick Evans, Deputy Secretary Corrections	232	18	26	7	-	283
Kristy Bourne, Deputy Secretary Administration of Justice (from 6-11-17)	134	1	11	9	-	155
Acting Key management personnel						
Kerrie Crowder, Deputy Secretary Administration of Justice (to 5-11-17)	64	7	8	6	-	85
Total	745	39	75	4	22	885

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the agency, directly or indirectly.

Remuneration during 2018-19 for key personnel is set by the State Service Act 2000. Remuneration and other terms of employment are specified in employment contracts. Remuneration includes salary, motor vehicle and other non-monetary benefits. Longterm employee expenses include annual and long service leave, superannuation obligations and termination payments. Short-term benefits include motor vehicle and car parking fringe benefits in addition to any other short term benefits. Fringe benefits have been reported at the grossed up reportable fringe benefits amount. The Fringe Benefits Tax (FBT) year runs from 1 April to 31 March each year; any FBT attributable to key management personnel is reported on that basis.

It should be noted that because annual and long service leave liabilities are calculated by discounting future cashflows (detailed in Note 10.2) which may change from year to year, it is possible for key personnel to accrue negative leave benefits in any particular financial year, or they may utilise more leave than they accrue in any particular financial year.

Acting Arrangements

When members of key management personnel are unable to fulfil their duties, consideration is given to appointing other members of senior staff to their position during their period of absence. Individuals are considered members of key management personnel when acting arrangements are for more than a period of one month.

(c) Related Party Transactions

There are no material related party transactions requiring disclosure.

7.2 Depreciation and Amortisation

All applicable Non-financial assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Land, being an asset with an unlimited useful life, is not depreciated.

Depreciation is provided for on a straight line basis, using rates which are reviewed annually. Major depreciation rates are as follows:

Plant, equipment and vehicles	2-33 per cent
Buildings and Structures	1-10 per cent
Prison Buildings and Structures	1-10 per cent
Library	2-20 per cent
Building Improvements	4-10 per cent

All intangible assets having a limited useful life are systematically amortised over their useful lives reflecting the pattern in which the asset's future economic benefits are expected to be consumed by the Department.

Major amortisation rates are:

Software	5 - 10 per cent
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(a) Depreciation

	2019 \$'000	2018 \$'000
Plant, equipment and vehicles	545	636
Buildings	1 799	1 799
Prison buildings and structures	4 488	4 385
Building improvements	520	508
Library	66	72
Total	7 418	7 400

(b) Amortisation

	2019 \$'000	2018 \$'000
Intangibles	516	724
Total	516	724
Total depreciation and amortisation	7 934	8 124

7.3 Supplies and Consumables

	2019 \$'000	2018 \$'000
Audit fees – financial audit	91	98
Audit fees – internal audit	62	61
Operating lease costs	6 605	6 083
Information technology	5 607	5 313
Consultants	1 306	980
Personnel expenses	503	548
Juror, witness and Court expenses	1 508	1 392
Electoral expenses	2 077	1 851
Plant and equipment	1 440	1 157
Travel and transport	1 923	1 795
Property expenses	7 880	7 967
Maintenance	3 142	3 346
Prison expenses	6 082	5 562
Advertising and promotion	315	341
Office requisites	385	395
Printing	331	372
Library	956	855
Communications	2 372	2 470
Building and construction consultants	907	465
Other supplies and consumables	849	593
Total	44 341	41 644

Audit fees payable for the 2018-19 financial statements were \$91,270 (\$98,270 for 2017-18).

7.4 Grants and Subsidies

Grants and subsidies expenditure is recognised to the extent that:

the services required to be performed by the grantee have been performed; or

the grant eligibility criteria have been satisfied.

A liability is recorded when the Department has a binding agreement to make the grants but services have not been performed or criteria satisfied. Where grant monies are paid in advance of performance or eligibility, a prepayment is recognised.

	2019 \$'000	2018 \$'000
Legal Aid Commission of Tasmania	13 937	13 913
Community Legal Centres	2 468	2 446
Safe Homes, Safe Families Action Plan	782	997
Local Provision Schedules	-	271
Other grants and subsidies	672	704
Total	17 859	18 331

The grants provided to the Legal Aid Commission of Tasmania assist in the running of the services provided to persons who would be considered disadvantaged if they were not granted legal representation.

Grant funding of \$2.468 million was provided to the State's Community Legal Centres to maintain current service levels.

Other grants and subsidies include grants for Safe at Home funding (\$137,000) and Family Violence Action Plan (\$645,000) in addition to various minor grants made by the Department.

7.5 Other Expenses

Expenses from operating activities are recognised when it is probable that the consumption or loss of future economic benefits resulting in a reduction in assets or an increase in liabilities has occurred and can be reliably measured.

	2019 \$'000	2018 \$'000
Legal costs	105	81
Costs awarded	5 990	4 061
Bank fees	168	162
Service Tasmania fees	351	348
Salary oncosts	5 406	5 747
TPC Panel sitting fees	216	137
Disbursements on behalf of third parties	156	75
Electrical safety inspection fees	3 699	3 364
Professional Services	525	430
Security checks	773	598
Contributions to other organisations	501	497
Other expenditure	2 800	2 753
Total	20 690	18 253

Note 8. Other Economic Flows included in Net Result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

8.1 Net gain/(loss) on Non-financial Assets

Gains or losses from the sale of Non-financial assets are recognised when control of the assets has passed to the buyer.

Key Judgement

All nonfinancial assets are assessed to determine whether any impairment exists. Impairment exists when the recoverable amount of an asset is less than its carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use. The Department's assets are not used for the purpose of generating cash flows; therefore value in use is expected to be materially the same as fair value, as determined under AASB 13 *Fair Value Measurement*.

All impairment losses are recognised in Statement of Comprehensive Income and Statement of Administered Income and Expenses.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

	2019 \$'000	2018 \$'000
Written down value of non-financial assets disposed	20	-
Total net gain/(loss) on non-financial assets	20	-

8.2 Net gain/(loss) on Financial Instruments and Statutory Receivables/Payables

In 2017-18 financial assets were assessed at each reporting date to determine whether there was any objective evidence that there were any financial assets that were impaired. A financial asset was considered to be impaired if objective evidence indicated that one or more events had a negative effect on the estimated future cash flows of that asset.

From 2018-19 financial assets are to be impaired by replacing the incurred loss approach under AASB 139 with the expected credit loss approach under AASB 9. The expected credit loss is to be recognised for all debt instruments not held at fair value through profit or loss.

Key Judgement

An impairment loss using the expected credit loss method for all trade debtors uses a lifetime expected loss allowance. The expected loss rates are based upon historical observed loss rates that are adjusted to reflect forward looking macroeconomic factors.

All impairment losses are recognised in the Statement of Comprehensive Income and Schedule of Administered Income and Expenses.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

For Administered Fines collection receivables, the Department maintains a provision for impairment and a provision for expected remissions. Impaired Administered Fines collection receivables are calculated as described above. As these fines are from time to time remitted by the issuing authority on appeal, the Department has also calculated a provision for expected remissions. Changes in the provision for expected remissions are recognised in the Schedule of Administered Income and Expenses.

	2019 \$'000	2018 \$'000
Impairment of accounts receivable	(2)	34
Total net gain/(loss) on financial instruments	(2)	34

Note 9. Assets

Assets are recognised in the Statement of Financial Position when it is probable that the future economic benefits will flow to the Department and the asset has a cost or value that can be measured reliably.

9.1 Receivables

In 2017-18 receivables were recognised at amortised cost, less any impairment losses, however, due to the short settlement period, receivables were not discounted back to their present value. In addition, receivables were subject to an annual review for impairment, where there was objective evidence that, as a result of one or more events that occurred after the initial recognition, the future cash flows have been affected.

From 2018-19, the Department recognises receivables at amortised cost using the effective interest method. Any subsequent changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process. The Department recognises an allowance for expected credit losses for all debt financial assets not held at fair value through profit and loss. The expected credit loss is based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate.

For trade receivables, the Department applies a simplified approach in calculating expected credit losses. The Department recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Department has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

	2019 \$'000	2018 \$'000
Receivables	1 006	1 146
Less: Provision for impairment	-	(34)
Less: Expected credit loss	(35)	-
Total	971	1 112
Sales of goods and services (inclusive of GST)	373	434
Tax assets	598	678
Total	971	1 112
Settled within 12 months	971	1 112
Total	971	1 112

Reconciliation of movement in expected credit loss for receivables	2019 \$'000
Carrying amount at 30 June 2018 under AASB 139	34
Amounts restated through Accumulated Funds	-
Carrying amount at 1 July under AASB 9	34
Amounts written off during the year	-
Amounts recovered during the year	-
Increase/(decrease) in provision recognised in profit or loss	(1)
Carrying amount at 30 June	35

Reconciliation of movement in provision for impairment of receivables	2018 \$'000
Carrying amount at 1 July	67
Increase/(decrease) in provision recognised in profit or loss	(33)
Bad debts written off	-
Carrying amount at 30 June	34

For ageing analysis of the financial assets past due but not impaired, refer to Note 14.1.

9.2 Inventories

Inventories held for distribution are valued at cost adjusted, when applicable, for any loss of service potential. Inventories acquired for no cost or nominal consideration are valued at current replacement cost.

Inventories are measured using standard cost principles with each item being given a unit value based on average recent costs.

	2019 \$'000	2018 \$'000
Stock on hand	640	552
Total	640	552
Consumed within 12 months	640	552
Total	640	552

9.3 Property, Plant and Equipment

Key estimate and judgement

(i) Valuation basis

Land, buildings and other longlived assets are recorded at fair value less accumulated depreciation. All other Non-current physical assets, including work in progress, are recorded at historic cost less accumulated depreciation and accumulated impairment losses. All assets within a class of assets are measured on the same basis.

The Department's land, buildings, prison buildings and library and heritage assets were revalued as at 31 December 2015 by independent valuers. The revaluation was undertaken in accordance with relevant Valuation and Accounting Standards and is based on fair value.

Where possible, assets have been valued on the basis of market value with reference to observable prices in an active market, using traditional methods such as sales comparison. However, due to the nature of some of the Department's assets, including prisons and court buildings, they are unlikely to transact in the market for their existing use. Accordingly these assets have been valued on a current replacement cost basis. These valuations take into account market prices for construction costs, the economic life of the buildings, the condition of the buildings and any design aspects which would alter their value.

Library assets are valued using the depreciated replacement cost method. Replacement costs are derived from observable prices in an active market. In addition, the Department has a number of library assets which are considered to have an intrinsic value. These assets have been valued from observable prices in the antiquarian books and fine arts market, are classified as Heritage assets and are not depreciated.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of selfconstructed assets includes the cost of materials and direct labour; any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Fair value is based on the highest and best use of the asset. Unless there is an explicit Government policy to the contrary, the highest and best use of an asset is the current purpose for which the asset is being used or build occupied.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Department and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of daytoday servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Asset recognition threshold

The asset capitalisation thresholds adopted by the Department is \$10,000 for equipment and \$50,000 for buildings and leasehold improvement. Additions to existing assets are greater than \$50,000 or 50% of the existing value of the asset. Assets valued at less than these thresholds are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

(iv) Revaluations

Assets are grouped on the basis of having a similar nature or function in the operations of the Department.

The Department revalues all assets within each appropriate asset class with sufficient regularity to ensure they reflect fair value at balance date.

Where possible, assets have been valued on the basis of market value with reference to observable prices in an active market, using traditional methods such as sales comparison. However, due to the nature of some of the Department's assets, including prison buildings, they are unlikely to transact in the market for their existing use. Accordingly these assets have been valued on a current replacement cost basis.

These valuations take into account market prices for construction costs. The economic life of the buildings, the condition of the buildings and any design aspects which would alter their value.

(a) Carrying amount

	2019 \$'000	2018 \$'000
Land		
At fair value	14 600	14 600
Total	14 600	14 600
Buildings		
At fair value	92 099	92 100
Less:Accumulated depreciation	(53 758)	(51 959)
Total	38 341	40 141
Prison buildings and structures		
At fair value	164 633	161 927
Less:Accumulated depreciation	(82 376)	(77 889)
	82 257	84 038
Work in progress (at cost)	1 762	1 450
Total	84 019	85 488
Building improvements		
At cost	6 329	5 393
Less:Accumulated amortisation	(2 669)	(2 149)
	3 660	3 266
Work in progress (at cost)	1 385	22
Total	5 045	3 266
Library and Heritage Assets		
Heritage assets at fair value	2 074	2 074
Depreciable assets at fair value	3 082	3 082
Less:Accumulated amortisation	(1 970)	(1 904)
Total	3 186	3 252
Plant, equipment and vehicles		
At cost	7 411	6 802
Less:Accumulated depreciation	(5 284)	(4 739)
	2 127	2 063
Work in progress	76	69
Total	2 203	2 132
Total property, plant and equipment	147 394	148 880

Revaluations are shown on a gross basis where a replacement cost basis of valuations has been used. Asset revaluations based on a market basis have been disclosed on a net basis.

(b) Reconciliation of movements

Reconciliations of the carrying amounts of each class of Property, plant and equipment at the beginning and end of the current and previous financial year are set out below. Carrying value means the net amount after deducting accumulated depreciation and any accumulated impairment losses.

2019	Land Level 3 (Land with no active markets and/or significant restrictions) \$'000	Buildings Level 3 (specific purpose / use buildings) \$'000	Prison buildings and structures Level 3 (specific purpose / use buildings) \$'000	Building improvements \$'000	Library and Heritage assets Level 3 \$'000	Plant equipment and vehicles \$'000	Total \$'000
Carrying value at 1 July	14 600	40 141	85 488	3 267	3 252	2 132	148 880
Additions	-	-	2 706	936	-	609	4 251
Disposals	-	-	-	-	-	-	-
Net movement in Work in progress	-	-	313	1 362	-	7	1 682
Depreciation and amortisation	-	(1 800)	(4 488)	(520)	(66)	(545)	(7 419)
Carrying value at 30 June	14 600	38 341	84 019	5 045	3 186	2 203	147 394

2018	Land Level 3 (Land with no active markets and/or significant restrictions) \$'000	Buildings Level 3 (specific purpose / use buildings) \$'000	Prison buildings and structures Level 3 (specific purpose / use buildings) \$'000	Building improvements \$'000	Library and Heritage assets Level 3 \$'000	Plant equipment and vehicles \$'000	Total \$'000
Carrying value at 1 July	14 600	41 925	87 818	3 727	3 324	2 362	153 756
Additions	-	15	670	40	-	388	442
Disposals	-	-	-	-	-	-	-
Net movement in Work in progress	-	-	1 385	8	-	18	2 082
Depreciation and amortisation	-	(1 799)	(4 385)	(508)	(72)	(636)	(7 400)
Carrying value at 30 June	14 600	40 141	85 488	3 267	3 252	2 132	148 880

All Departmental Land, Buildings and Prison buildings and structures are prison and court related and as such are classified as specialist assets with no active markets against which to be valued. As a result, all Land, Buildings and Prison buildings and structures assets are valued as Level 3 inputs.

(c) Level 3 significant valuation inputs and relationship to fair value

Description	Fair value at 30 June \$'000	Significant unobserv-able inputs used in valuation	Possible alternative val-ues for level 3 inputs	Sensitivity of fair value to changes in level 3 inputs
Land – with no active markets and/or significant restrictions)	14 600	A – economic conditions, B – availability of and demand for similar assets for sale	Note 1	Economic conditions have improved over the last 12 months with demand for land increasing. Interest rates remain at historical lows and are expected to continue at those levels. However, due to the recent land and buildings valuation in 2015-16 it is unlikely that significant variations in values will arise in the short term.
Buildings – specific purpose / use buildings	38 341	A – Construction costs B – Design life C – Age and condition of asset D – Remaining useful life	Note 1	Tasmanian construction indexes have increased over the last 12 months. Design and useful lives are reviewed regularly but generally remain unchanged. Additionally, these assets were recently revalued in 2015-16, as a result, it is unlikely that significant variations in values will arise in the short term.
Prison buildings and structures - specific purpose / use buildings	84 019	A – Construction costs B – Design life C – Age and condition of asset D – Remaining useful life	Note 1	Tasmanian construction indexes have increased over the last 12 months. Design and useful lives are reviewed regularly but generally remain unchanged. Additionally, these assets were recently revalued in 2015-16, as a result, it is unlikely that significant variations in values will arise in the short term.
Library and Heritage assets	3 186	A – Rarity of asset B – Age of asset C – Condition of asset	Note 2	Not applicable.

Note 1: When valuing these assets, their existing use and possible alternative uses are taken into account by valuers. As a result, it is most unlikely that alternative values will arise unless there are more changes in known inputs.

Note 2: In valuing library and heritage assets, observable prices in an active market are considered by the valuer to estimate their fair values. It is unlikely that alternative values, applying other inputs where available, would result in a materially different value.

9.4 Intangibles

An intangible asset is recognised where:

- it is probable that an expected future benefit attributable to the asset will flow to the Department; and
- the cost of the asset can be reliably measured.

Intangible assets held by the Department are valued at fair value less any subsequent accumulated amortisation and any subsequent accumulated impairment losses where an active market exists. Where no active market exists, intangibles are valued at cost less any accumulated amortisation and any accumulated impairment losses.

The asset capitalisation threshold adopted by the Department for new Intangibles is \$100,000. Additions to existing assets are greater than \$50,000 or 50% of the existing value of the asset.

(a) Carrying amount

	2019 \$'000	2018 \$'000
Intangibles with a finite useful life		
Software at cost	11 469	9 385
Less: Accumulated amortisation	(6 766)	(6 251)
	4 703	3 134
Work in progress (at cost)	1 752	696
Total	6 455	3 830

(b) Reconciliation of movements

	2019 \$'000	2018 \$'000
Carrying amount at 1 July	3 830	3 817
Additions	2 084	908
Net movement in Work in progress	1 056	(171)
Amortisation expense	(516)	(724)
Carrying amount at 30 June	6 454	3 830

Note 10. Liabilities

Liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

10.1 Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Department becomes obliged to make future payments as a result of a purchase of assets or services.

	2019 \$'000	2018 \$'000
Trade Payables	1 060	1 023
Accrued expenses	2 767	2 363
Total	3 827	3 386
Settled within 12 months	3 827	3 386
Total	3 827	3 386

Settlement is usually made within 30 days.

10.2 Employee Benefits

Key estimate and judgement

Liabilities for wages and salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those liabilities expected to be realised within 12 months are measured as the amount expected to be paid. Employee benefits are measured as the present value of the benefit at 30 June, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material. The Department assumes that all staff annual leave balances less than 20 days will be settled within 12 months, and therefore valued at nominal value, and balances in excess of 20 days will be settled in greater than 12 months and therefore calculated at present value.

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. The Department makes a number of assumptions regarding the probability that staff who have accrued long service leave, but are ineligible to take it will remain with the Department long enough to take it. For those staff eligible to take their long service leave, the Department assumes that they will utilise it on average, evenly over the following ten years. All long service leave that will be settled within 12 months is calculated at nominal value and all long service leave that will be settled in greater than 12 months is calculated at present value.

	2019 \$'000	2018 \$'000
Accrued salaries	1 031	1 042
Annual leave	10 272	9 649
Long service leave	18 623	18 439
Total	29 926	29 130
Settled within 12 months	7 739	8 712
Settled in more than 12 months	22 187	20 418
Total	29 926	29 130

10.3 Superannuation

Defined contribution plans

A defined contribution plan is a postemployment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense when they fall due.

Defined benefit plans

A defined benefit plan is a postemployment benefit plan other than a defined contribution plan.

Key estimate and judgement

The Department does not recognise a liability for the accruing superannuation benefits of Departmental employees. This liability is held centrally and is recognised within the FinanceGeneral Division of the Department of Treasury and Finance.

10.4 Other Liabilities

Other liabilities are recognised in the Statement of Financial Position when it is probable that the outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

	2019 \$'000	2018 \$'000
Revenue received in advance		
Appropriation carried forward from current and previous years under section 8A of the <i>Public Account Act 1986</i>	2 621	1 561
Total	2 621	1 561
Settled within 12 months	2 621	1 561
Total	2 621	1 561

Section 8A(2) of the Public Account Act allows for an unexpended balance of an appropriation to be transferred to an Account in the Special Deposits and Trust Fund for such purposes and conditions as approved by the Treasurer. In the initial year, the carry forward is recognised as a liability, Revenue Received in Advance. The carry forward from the initial year is recognised as revenue in the reporting year, assuming that the conditions of the carry forward are met and the funds are expended.

Note II. Commitments and Contingencies

II.1 Schedule of Commitments

	2019 \$'000	2018 \$'000
By type		
<i>Capital commitments</i>		
Prison Infrastructure Projects	67	1 174
Burnie Court Upgrade Project	764	-
Crown Law Accommodation Project	58	-
Southern Remand Centre Project	4 316	-
Hobart Reception Prison Project	736	-
Total capital Commitments	5 941	1 174
<i>Lease commitments</i>		
Operating leases	26 287	26,048
Total lease commitments	26 287	26,048
<i>Other commitments</i>		
Prison Maintenance	3 510	4 759
Other Commitments	1 894	2 328
Total other commitments	5 404	7 087
By maturity		
<i>Capital Commitments</i>		
One year or less	3 502	1 174
From one to five years	2 439	-
Total capital commitments	5 941	1 174
<i>Operating lease commitments</i>		
One year or less	6 683	5 378
From one to five years	14 675	13 826
More than five years	4 929	6 844
Total operating lease commitments	26 287	26 048
<i>Other commitments</i>		
One year or less	3 016	2 818
From one to five years	2 388	4 269
Total other commitments	5 404	7 087
Total	37 632	34 309

The operating lease commitments include buildings, motor vehicles and information technology equipment leases. All amounts shown are exclusive of GST.

The Department has entered into a number of operating lease agreements for property, plant and equipment, where the lessors effectively retain all the risks and benefits incidental to ownership of the items leased. Equal instalments of lease payments are charged to the Statement of Comprehensive Income over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

The Department is prohibited by Treasurer's Instruction 502 Leases from holding finance leases.

Lease income from operating leases where the Department is a lessor is recognised in income on a straight line basis.

11.2 Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the Statement of Financial Position due to uncertainty regarding any possible amount or timing of any possible underlying claim or obligation.

(a) Quantifiable contingencies

A quantifiable contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A quantifiable contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. To the extent that any quantifiable contingencies are insured, details provided below are recorded net.

	2019 \$'000	2018 \$'000
Quantifiable contingent liabilities		
<i>Contingent claims</i>		
Contingent legal claims	300	110
Total quantifiable contingent liabilities	300	110

At 30 June 2019 the Department had a number of legal claims against it in dispute.

(a) Unquantifiable contingencies

During 2018-19 the Tasmanian Government agreed to participate in the Australian Government's National Redress Scheme for Institutional Child Sexual Abuse. The Scheme allows for redress to be provided to individuals who suffered abuse (sexual abuse and related non-sexual abuse) which occurred when the person was a child while in the care of an institution. Survivors are able to lodge an application with the Scheme, including where they suffered abuse in more than one institution.

The Scheme is operated by the Australian Government's Department of Social Services. The Department provides verifying information as required, delivers elements of the redress and contributes costs associated with redress, legal support, counselling and management, and administrative costs associated with the program.

The National Scheme will operate for a period of 10 years, from 1 July 2018 to 30 June 2028. The Department has been provided with funding of \$70 million for compensation and administration costs over the 10 year life of the Scheme as part of the 2018-19 State Budget.

The Department has received a number applications for redress from individuals who have suffered abuse, however as at 30 June 2019, no applications have been approved by the Department of Social Services. Due to the scheme only having commenced during 2018-19, and no applications being approved to date, it is not possible at the reporting date to accurately estimate the amounts of any eventual payments that may be required in relation to these claims.

Note 12. Reserves

12.1 Reserves

	Land \$'000	Buildings \$'000	Prison buildings and structures \$'000	Library and Her- itage assets \$'000	Total \$'000
2019					
Asset revaluation reserve					
Balance at the beginning of financial year	11 566	24 418	13 632	2 948	52 564
Revaluation increments/ (decrements)	-	-	-	-	-
Balance at end of financial year	11 566	24 418	13 632	2 948	52 564
2018					
Asset revaluation reserve					
Balance at the beginning of financial year	11 566	24 418	13 632	2 948	52 564
Revaluation increments/ (decrements)	-	-	-	-	-
Balance at end of financial year	11 566	24 418	13 632	2 948	52 564

(a) Nature and purpose of reserves

Asset Revaluation Reserve

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of Nonfinancial assets. During 2015-16, the Department revalued all its land, building, prison building and library and heritage assets. Refer Note 9.3 for details.

Note 13. Cash Flow Reconciliation

Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund, being short term of three months or less and highly liquid. Deposits are recognised at amortised cost, being their face value.

13.1 Cash and Deposits

Cash and deposits includes the balance of the Special Deposits and Trust Fund Accounts held by the Department, and other cash held, excluding those accounts which are administered or held in a trustee capacity or agency arrangement.

	2019 \$'000	2018 \$'000
Special Deposits and Trust Fund balance		
T516 Operating Account	29 761	27 614
T658 Local Government	419	305
T766 Criminal Injuries Compensation	12	15
T829 Rental Deposit Authority Account	206	610
Total	30 398	28 544
Total cash and deposits	30 398	28 544

13.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2019 \$'000	2018 \$'000
Net result from transactions	624	(5 348)
Receipts from non-operational capital funding – works and services	(4 802)	(3 916)
Depreciation and amortisation	7 934	8 124
Decrease (increase) in Receivables	141	(359)
Decrease (increase) in Inventories	(88)	(104)
Increase (decrease) in Employee benefits	796	1 620
Increase (decrease) in Payables	441	868
Increase (decrease) in Other liabilities	807	737
Net cash from (used by) operating activities	5 853	1 622

13.3 Reconciliation of liabilities arising from financing activities

The Department does not have any liabilities arising from financing activities.

13.4 Acquittal of Capital Investment and Special Capital Investment Funds

The Department received Works and Services Appropriation funding to fund specific projects.

Cash outflows relating to these projects are listed below by category.

Budget information refers to original estimates and has not been subject to audit.

(a) Project expenditure

	2019 Budget \$'000	2019 Actual \$'000	2018 Actual \$'000
Capital Investment Program			
Tasmanian Prison Infrastructure - Mary Hutchinson	-	1 375	1 426
Women's Prison			
iplan Integrated Planning and Building Portal	900	900	475
Ron Barwick Maximum Security Prison - Cell Recommissioning	2 000	887	613
Police out of Courts	-	1 533	-
O'Hara Pre-Release Facility – Additional Units	800	40	-
New Southern Remand Centre	10 000	1 500	-
Northern Prison	-	166	-
Burnie Court	-	342	-
RPC Facilities Upgrade	-	153	-
Ron Barwick Maximum Security Prison – CCTV Upgrades	-	-	666
Total	13 700	6 896	3 180

The Department was provided with additional capital funding of \$2.125 million as part of the 2017/18 State Budget. Due to delays with the Ron Barwick Minimum Security Prison – Cell Recommissioning and Mary Hutchinson Women's Prison, funding of \$387,000 and \$1.174 million respectively was carried forward into 2018-19.

(b) Classification of cash flows

The project expenditure above is reflected in the Statement of Cash Flows as follows.

	2019 \$'000	2018 \$'000
Cash outflows		
Information technology	28	476
Other supplies and consumables	3 960	74
Property expenses	130	574
Payments for acquisition of assets	2 979	2 056
Total cash outflows	7 097	3 180

Note 14. Financial Instruments

14.1 Risk Exposures

(a) Risk management policies

The Department has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The Head of Agency has overall responsibility for the establishment and oversight of the Department's risk management framework. Risk management policies are established to identify and analyse risks faced by the Department, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(b) Credit risk exposures

Credit risk is the risk of financial loss to the Department if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Assets		
Receivables	Receivables are recognised at amortised cost, less any impairment losses, however, due to the short settlement period, receivables are not discounted back to their present value.	It is Departmental policy to issue invoices with 30 day terms of trade.
Cash and deposits	Deposits are recognised at amortised cost, being their face value.	Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund.

The Department does not have any concentration of credit risk. The Department monitors receivables on a monthly basis and follow up procedures are undertaken for all debts that are overdue. Action taken is dependent on the length of time the debt is overdue.

The carrying amount of financial assets recorded in the Financial Statements, net of any allowances for losses, represents the Department's maximum exposure to credit risk. The Department does not hold any collateral or other security over its receivables. The Department's credit risk is considered to be minimal.

Except as detailed in the following table, the carrying amount of financial assets recorded in the Financial Statements, net of any allowances for losses, represents the Departments maximum exposure to credit risk without taking into account of any collateral or other security:

	2019 \$'000	2018 \$'000
Receivables	971	1 112
Total	971	1 112

Receivables age analysis – expected credit loss

The simplified approach to measuring expected credit loss is applied, which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on historical observed loss rates adjusted for forward looking factors that will have an impact on the ability to settle the receivables. The loss allowance for trade debtors as at 30 June 2019 and 1 July 2018 (adoption of AASB 9) are as follows:

Expected credit loss analysis of receivables as at 30 June 2019

	Past due 1-30 days \$'000	Past due 31-60 days \$'000	Past due 61-90 days \$'000	Past due 91+ days \$'000	Total \$'000
Expected credit loss rate (A)	0%	0%	0%	64%	64%
Total gross carrying amount (B)	99	12	-	47	159
Expected credit loss (A x B)	-	-	-	30	30

Expected credit loss analysis of receivables as at 1 July 2018 (adoption date of AASB 9)

	Past due 1-30 days \$'000	Past due 31-60 days \$'000	Past due 61-90 days \$'000	Past due 91+ days \$'000	Total \$'000
Expected credit loss rate (A)	0%	0%	0%	85%	85%
Total gross carrying amount (B)	176	6	0	35	218
Expected credit loss (A x B)	-	-	-	29	29

The following table is for comparative purposes only, and represents the age analysis that was published as part of the Department's 2017-18 financial statements under the previous accounting standards.

Analysis of financial assets that are past due at 30 June 2018 but not impaired

	Past due 30 days \$'000	Past due 60 days \$'000	Past due 90 days \$'000	Total \$'000
Receivables	97	4	18	119

(c) Liquidity risk

Liquidity risk is the risk that the Department will not be able to meet its financial obligations as they fall due. The Department's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Liabilities		
Payables	Payables are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Department becomes obliged to make future payments as a result of a purchase of assets or services.	Payables, including goods received and services incurred but not yet invoiced arise when the Department becomes obliged to make future payments as a result of a purchase of assets or services. The Department's terms of trade are 30 days.

Monitoring of revenue and expenditure forecasts and current cash balances is undertaken by the Department on a monthly basis.

The following tables detail the undiscounted cash flows payable by the Department by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted, totals may not reconcile to the carrying amounts presented in the Statement of Financial Position:

2019

Maturity analysis for financial liabilities

	1 Year \$'000	2 Years \$'000	3 Years \$'000	4 Years \$'000	5 Years \$'000	More than 5 Years \$'000	Undis- counted Total \$'000	Carrying Amount \$'000
Financial liabilities								
Payables	3 827	-	-	-	-	-	3 827	3 827
Total	3 827	-	-	-	-	-	3 827	3 827

2018

Maturity analysis for financial liabilities

	1 Year \$'000	2 Years \$'000	3 Years \$'000	4 Years \$'000	5 Years \$'000	More than 5 Years \$'000	Undis- counted Total \$'000	Carrying Amount \$'000
Financial liabilities								
Payables	3 386	-	-	-	-	-	3 386	3 386
Total	3 386	-	-	-	-	-	3 386	3 386

(d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The primary market risk that the Department is exposed to is interest rate risk.

The Department's exposure to interest rate risk is considered to be minimal. The majority of the Department's interest bearing financial instruments are managed by the Department of Treasury and Finance.

At the reporting date the Department did not have any controlled interest bearing accounts

However, the Department earns interest on the funds in Trust Account T829 - Rental Deposit Authority Account. This is not recognised as a Controlled activity of the Department and is considered to be held in trust by the Department. Further details can be found in Note 16.

However, the interest earned on T829 is considered by the Department to be a Controlled activity and is recognised in the Controlled Statement of Comprehensive Income.

An increase in variable rates of 100 basis points would have a \$492,676 effect on the Department's net result in 2018-19 (\$463,125 in 2017-18), and a decrease in variable rates of 100 basis points would have a (\$492,676) in 2018-19 ((\$463,125) in 2017-18) effect.

Sensitivity Analysis of Department's Exposure to Possible Changes in Interest Rates

	Statement of Comprehensive Income			Equity
	100 basis points increase \$'000	100 basis points decrease \$'000	100 basis points increase \$'000	100 basis points decrease \$'000
30 June 2019				
T829 Rental Deposit Authority Account	492	(492)	492	(492)
Net sensitivity	492	(492)	492	(492)
30 June 2018				
T829 Rental Deposit Authority Account	463	(463)	463	(463)
Net sensitivity	463	(463)	463	(463)

These analysis assumes all other variables remain constant. These analyses were performed on the same basis for 2019.

14.2 Categories of Financial Assets and Liabilities

AASB 9 Carrying amount	2019
	\$'000
Financial assets	
Cash and deposits	30 329
Receivables at amortised cost	971
Total	31 300
Financial Liabilities	
Financial liabilities measured at amortised cost	3 827
Total	3 827
AASB 139 Carrying amount	2018
	\$'000
Financial assets	
Cash and Deposits	28 544
Loans and Receivables	1 112
Total	29 656
Financial Liabilities	
Financial liabilities measured at amortised cost	3 386
Total	3 386

14.3 Derecognition of Financial Assets

The Department has not reclassified any financial assets during the 2018-19 financial year.

14.4 Comparison between Carrying Amount and Net Fair Value of Financial Assets and Liabilities

	Carrying Amount 2019 \$'000	Net Fair Value 2019 \$'000	Carrying Amount 2018 \$'000	Net Fair Value 2018 \$'000
Financial assets				
Cash and deposits	30 398	30 329	28 544	28 544
Receivables	971	971	1 112	1 112
Total financial assets	31 369	31 300	29 656	26 656
Financial liabilities				
Payables	3 827	3 827	3 386	3 386
Total financial liabilities	3 827	3 827	3 386	3 386

Contractual financial assets and financial liabilities are disclosed. Statutory assets and liabilities are not considered financial instruments and are excluded from these disclosures.

Financial Assets

The net fair values of Cash and deposits and Receivables approximate their carrying amounts as this is the amount the Department expects to be able to settle on these items.

Financial Liabilities

The net fair values of Trade creditors approximate their carrying amounts as this is the amount the Department expects to be able to settle on these items.

14.5 Net Fair Values of Financial Assets and Liabilities

2019	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net fair Value Level 3 \$'000	Net Fair Value Total \$'000
Financial assets				
Cash and deposits	30 398	-	-	-
Receivables	971	-	-	-
Total financial assets	31 369	-	-	-
Financial liabilities				
Payables	3 827	-	-	-
Total financial liabilities	3 827	-	-	-
2018	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net fair Value Level 3 \$'000	Net Fair Value Total \$'000
Financial assets				
Cash and deposits	28 544	-	-	-
Receivables	1 112	-	-	-
Total financial assets	29 656	-	-	-
Financial liabilities				
Payables	3 386	-	-	-
Total financial liabilities	3 386	-	-	-

The recognised fair values of financial assets and financial liabilities are classified according to the fair value hierarchy that reflects the significance of the inputs used in making these measurements. The Department uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1 the fair value is calculated using quoted prices in active markets;
- Level 2 the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Note 15. Notes to Administered Statements

Variances are considered material where the variance exceeds the greater of 10 per cent of Budget estimate and \$1 million.

15.1 Explanations of Material Variances between Budget and Actual Outcomes

(a) Schedule of Administered Income and Expenses

Statement of Comprehensive Income variances are considered material where the variance exceeds the greater of 10 per cent of Budget estimate and \$1 million.

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Fees and fines	(a)	25 206	28 704	3 498	14
Supplies and consumables	(b)	3 040	1 512	(1 528)	(50)
Transfers to the Consolidated Fund	(c)	22 703	18 620	(4 083)	(18)
Gain/(loss) on accounts receivable	(d)	-	(2 209)	(2 209)	<(100)
(Increase)/decrease in Provision for Compensation Payable	(e)	-	1 475	1 475	>100
Increase/(decrease) in future levies receivable	(f)	-	(4 377)	(4 377)	<(100)

Notes to Schedule of Administered Income and Expenses variances

- (a) This increase is primarily a result of a reduction in the provision for expected remissions, which has increased Fines – infringements. This is partly offset by a decrease in fees and fines issued by external entities. Refer to Notes 15.3 and 15.11 for further details.
- (b) This is primarily due to administration costs and medical expenses for the Asbestos Compensation Fund being less than anticipated, in addition to reduced WorkCover Board related expenditure compared with budget.
- (c) This is primarily due to the imposition of fewer infringements by external entities for collection by the Monetary Penalties Enforcement Service during 2018-19, which has resulted in a lower total value of fees and fines collected and transferred to the Consolidated Fund than was budgeted for.
- (d) This reflects the change in the value of impairment on Administered Receivables. Refer to Notes 15.10 and 15.11 for further details.
- (e) This is to recognise the change in the Asbestos Compensation Fund Provision for Compensation Payable. Refer to Note 15.14 for further details.
- (f) This is to recognise the change in the Asbestos Compensation Fund's right to levy licensed insurers and self-insurers. Refer to Note 15.11 for further details. (b) Schedule of Administered Assets and Liabilities.

Statement of Financial Position variances are considered material where the variance exceeds the greater of 10 per cent of Budget estimate and \$1 million.

Budget estimates for the 2018-19 Statement of Financial Position were compiled prior to the completion of the actual outcomes for 2018-19. As a result, the actual variance from the Original Budget estimate will be impacted by the difference between estimated and actual opening balances for 2018-19. The following variance analysis therefore includes major movements between the 30 June 2018 and 30 June 2019 actual balances.

	Note	Budget \$'000	2019 Actual \$'000	2018 Actual \$'000	Budget Variance \$'000	Actual Variance \$'000
Cash and deposits	(a)	22 112	24 580	21 920	2 468	2 660

Notes to Schedule of Administered Assets and Liabilities variances

(a) This increase reflects the increases in the cash balance of the Asbestos Compensation Fund as at 30 June 2018 that was not able to be included in the 2018-19 budget. Refer Note 15.17 for further details. (c) Schedule of Administered Cash Flows

Statement of Cash Flows variances are considered material where the variance exceeds the greater of 10 per cent of Budget estimate and \$1 million.

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Fees and fines	(a)	25 206	22 722	(2 484)	(10)
Supplies and consumables	(b)	3 037	1 529	(1 508)	(50)
Transfers to the Consolidated Fund	(a)	22 703	18 620	(4 083)	(18)

Notes to Schedule of Administered Cash Flow variances

(a) This is primarily due to the imposition of fewer infringements by external entities for collection by the Monetary Penalties Enforcement Service during 2018-19, which has resulted in a lower total value of fees and fines collected and transferred to the Consolidated Fund than was budgeted for.

(b) This is primarily due to administration costs and medical expenses for the Asbestos Compensation Fund being less than anticipated, in addition to reduced WorkCover Board related expenditure compared with budget.

15.2 Administered Sales of Goods and Services

For Significant Accounting Policies relating to Sales of goods and services please refer to Note 6.3.

	2019 \$'000	2018 \$'000
Sale of publications and transcripts	130	91
Total	130	91

15.3 Administered Fees and Fines

For significant Accounting Policies relating to Fees and Fines please refer to Note 6.4.

	2019 \$'000	2018 \$'000
Fines – infringements	22 993	19 700
Supreme Court Fees	910	743
Workplace Standards	783	841
Registration Services	1 980	1 956
Other fees and fines	2 038	2 230
Total	28 704	25 470

15.4 Administered Other Revenue

For Significant Accounting Policies relating to Other revenue please refer to Note 6.6.

	2019 \$'000	2018 \$'000
WorkCover contributions	7 419	7 810
(Increase)/Decrease in Accrual Refund for Contributions	595	(391)
Asbestos Compensation Fund levies	7 240	6 503
Cash received on behalf of third parties	259	281
Other revenue	(11)	26
Total	15 502	14 229

As detailed in Note 15.13, the WorkCover Board does not accumulate surpluses, with the necessary accrual adjustment made to Contributions revenue to reflect this.

15.5 Administered Employee Benefits

For Significant Accounting Policies relating to Employee benefits please refer to Note 7.1.

	2019 \$'000	2018 \$'000
Wages and salaries	2 848	2 579
Superannuation – defined contribution scheme	301	237
Superannuation – defined benefit scheme	77	95
Other employee expenses	76	118
Total	3 302	3 029

Superannuation expenses relating to defined benefits schemes relate to payments into the Consolidated Fund. The amount of the payment is based on an employer contribution rate determined by the Treasurer, on the advice of the State Actuary. The current employer contribution is 12.95 per cent (2018: 12.95 per cent) of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to the relevant superannuation fund at a rate of 9.5 per cent (2018: 9.5 per cent) of salary. In addition, departments are also required to pay into Consolidated Fund a “gap” payment equivalent to 3.45 per cent (2018: 3.45 per cent) of salary in respect of employees who are members of the contribution schemes.

15.6 Administered Depreciation and Amortisation

For significant Accounting Policies relating to Depreciation and amortisation please refer to Note 7.2.

(a) Amortisation

	2019 \$'000	2018 \$'000
Intangibles	117	117
Total	117	117

15.7 Administered Supplies and Consumables

For significant Accounting Policies relating to Supplies and consumables please refer to Note 7.3.

	2019 \$'000	2018 \$'000
Audit fees – financial audit	13	23
Audit fees – internal audit	11	14
Operating lease costs	18	13
Information technology	206	105
Plant and equipment	9	4
Communications	24	22
Library	115	47
Consultants	138	74
Travel and transport	71	84
Property expenses	4	4
Advertising and promotion	600	384
Office requisites	3	1
Printing	103	99
Personnel Expenses	50	86
Other supplies and consumables	145	37
Total	1 510	997

15.8 Administered Grants and Subsidies

For significant Accounting Policies relating to Grants and subsidies please refer to Note 7.4.

	2019 \$'000	2018 \$'000
Grants	824	847
Total	824	847

15.9 Administered Other Expenses

For significant Accounting Policies relating to Other expenses please refer to Note 7.5.

	2019 \$'000	2018 \$'000
Salary oncosts	76	91
Panel sitting fees	-	44
Disbursements on behalf of third parties	222	224
WorkCover reimbursement to Workers Rehabilitation and Compensation Tribunal	1 328	1 322
Asbestos Compensation Paid	4 192	6 315
Asbestos Compensation Fund administration costs paid to Justice	163	174
Fines remittances to other organisations	4 450	4 316
Professional Services	931	1 123
Other expenditure	189	173
Total	11 551	13 782

15.10 Gain/(loss) on Accounts Receivable

For significant Accounting Policies relating to Net gain/(loss) on financial instruments and statutory receivables/payables please refer to Note 8.2.

	2019 \$'000	2018 \$'000
Reversal of impairment of accounts receivable	(2 209)	(920)
Reversal of impairment of accounts receivable	(2 209)	(920)

15.11 Administered Receivables

For general Accounting Policies relating to Receivables please refer to Note 9.1. For Administered Fines collection receivables and Asbestos Compensation levies receivable, due to the long settlement periods, the Department discounts these receivables back to their present value along with the associated provisions for impairment and expected remissions.

	2019 \$'000	2018 \$'000
Future Asbestos Compensation levies receivable	64 054	68 432
Fines collection receivables	68 000	65 428
Other receivables	253	211
Less: Expected credit loss	(5 706)	(3 499)
Less: Provision for expected remissions	(7 899)	(10 976)
Total	118 702	119 596
Future Asbestos Compensation levies receivable	64 054	68 432
Fines collection receivables	54 435	50 987
Other receivables	213	177
Total	118 702	119 596
Settled within 12 months	40 888	41 676
Settled in more than 12 months	77 814	77 920
Total	118 702	119 596

The Department is responsible for the administration of the Asbestos Compensation Scheme. The Scheme is funded through a levy on the premiums of licensed insurers and the notional premiums of selfinsurers. The calculation of the future Asbestos Compensation levies receivable is based on the fact that all expenditure incurred by the Scheme over its entire life can be obtained from licensed insurers and self-insurers through the levy.

During 2018-19, expected credit loss on fines collection receivables was reassessed. This reassessment resulted in an increase in the Provision for expected credit loss of \$2,207,000 and a decrease in the Provision for expected remissions of 3,077,000.

Fines collection receivables to be settled within 12 months has been based on the average of fines collected over the last three financial years.

Reconciliation of movement in provision for expected credit loss of receivables and remissions of administered receivables	2019 \$'000
Carrying amount at 30 June 2018 under AASB 139	14 475
Amounts restated through Accumulated Funds	-
Carrying amount at 1 July under AASB 9	14 475
Amounts written off during the year	-
Amounts recovered during the year	-
Increase/(decrease) in provision recognised in profit or loss	(870)
Carrying amount at 30 June	13 605

Reconciliation of movement in provision for impairment of receivables and remissions of administered receivables	2018 \$'000
Carrying amount at 1 July	13 565
Increase/(decrease) in provision recognised in profit or loss	910
Carrying amount at 30 June	14 475

For ageing analysis of administered financial assets past due but not impaired please refer to Note 15.19.

15.12 Intangibles

For significant Accounting Policies relating to Intangibles please refer to Note 9.4.

(a) Carrying amount

	2019 \$'000	2018 \$'000
Intangibles with a finite useful life		
Software at cost	1 120	1 120
Less: Accumulated amortisation	(653)	(536)
	467	584
Work in progress (at cost)	-	-
Total	467	584

(b) Reconciliation of movements

	2019 \$'000	2018 \$'000
Carrying amount at 1 July	584	701
Amortisation expense	(117)	(117)
Carrying amount at 30 June	467	584

15.13 Administered Payables

For general Accounting Policies relating to Payables please refer to Note 10.1.

The WorkCover Board is funded by contributions from licensed insurers and self-insurers with the contributions based on an estimate of the amount of money required for the payment or discharge of expenses, charges and obligations of the Board. As a result, the Board does not accumulate surpluses, with the necessary accrual adjustment made to reflect this. The accrual adjustment is recognised as an Accrual Refund for Contributions, and is classified as an Administered Payable.

	2019 \$'000	2018 \$'000
Trade Payables	23	53
Accrued expenses	52	71
WorkCover Refund for Contributions	2 002	2 597
MPES payables	1 215	950
Total	3 293	3 671
Settled within 12 months	3 293	3 671
Total	3 293	3 671

Settlement is usually made within 30 days.

15.14 Administered Provisions

A provision arises if, as a result of a past event, the Department has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. Any right to reimbursement relating to some or all of the provision is recognised as an asset when it is virtually certain that the reimbursement will be received.

The Department only has one non-employee provision which is the Asbestos Compensation Fund Provision for Compensation Payable. The Provision for Compensation Payable is measured as the present value of the expected future payments to persons who have an accepted claim for compensation or who are estimated by the actuary to be entitled to compensation in the future.

The actuarial valuation contains numerous assumptions regarding the future numbers of claims and the characteristics of the persons.

Given the uncertainty of this portfolio of claims a range of assumptions may be plausible which reflect the current environment in which claims are managed and settled.

The main assumptions are:

- Claim numbers, both the starting number assumed for 2019-20 and the Incurred But Not Reported (IBNR) run-off curve;
- Age distribution of imminently fatal claims;
- Whole person impairment percentage of non-imminently fatal claims; and
- Inflation and discount rates.

The Department's actuary, PricewaterhouseCoopers (PwC), in valuing the liabilities as at 30 June 2019, has estimated the compensation payable for claims yet to be lodged on an inflated and discounted basis.

The following inflation rates and discount rates were used in measuring the provision for compensation payable:

	2019 %	2018 %
Compensation Expected to be Paid		
Not later than one year		
Wages inflation rate	2.00	2.50
Discount rate	1.19	1.98
Later than one year		
Wages inflation rate	1.42	2.16
Discount rate	2.05	3.35

A wage inflation factor is used to inflate the estimated future compensation costs. This is primarily due to the bulk of the scheme benefits being linked to average weekly ordinary full-time earnings. Forecasts of wage inflation are adopted in the short term, then a long term gap between inflation and bond yields in the long term, with the inflation rates blended to the long term rate across the four to ten year range.

The estimate of the Provision is discounted to allow for the time value of money. The rate used to discount is based upon the current yield curve and expectations of longer term yield beyond the term of available Government bonds.

(a) Sensitivity analysis for the valuation

The liability represents the best estimate and is based on standard actuarial assessment techniques. The table below shows the key sensitivities of the valuation.

2019

Assumptions	30 June Liability \$million	Effect on Li- ability \$million	Percentage effect %
Central estimate (including expenses)	84.3		
IBNR Claim Numbers			
Reduce claim numbers by 30%	59.3	(25.0)	(29.7)
Increase claim numbers by 30%	109.3	25.0	29.7
Average Claim Size			
Higher average medical costs, at the maximum level (compared with 45% assumption)	95.8	11.5	13.6
Inflation and discount rates			
'Gap' between inflation and discount increased by 1% for compensation paid later than 1 year	91.2	6.9	8.2
Age Distribution			
Larger proportion of young claimants	85.8	1.5	1.8

Note: The effect of each variation is made in isolation from the others. The combined effect of two or more changes may involve interactions and substitutions which are not considered in the valuation.

(b) Carrying amount

	2019 \$'000	2018 \$'000
Provision – compensation payments for reported claims		
Outstanding at beginning of year	1 885	1 313
Net movement during the year	(953)	572
Outstanding at end of year	932	1 885
Provision – estimated compensation for future claims		
Estimated at beginning of year	83 896	94 261
Net movement during the year	(522)	(10 365)
Estimate at end of year	83 374	83 896
Total Provision for Compensation Payable at end of year	84 306	85 781
Breakdown of compensation payable		
Settled within 12 months	7 169	8 290
Settled in more than 12 months	77 137	77 491
Total	84 306	85 781

Compensation will be funded by funds held in investments and by future levies. The Asbestos-Related Diseases (Occupational Exposure) Compensation Act 2011 gives the Minister for Building and Construction authority to impose levies each year to meet annual operating costs.

The Department includes in its provision an estimate for compensation payable for claims yet to be made of \$84.306 million (\$85.781 million as at 30 June 2018). This figure is shown in the Statement of Financial Position as a liability with the corresponding outstanding contributions receivable asset (net of cumulated surplus or deficit to date) representing the right to levy employers for these outstanding claims.

15.15 Administered Employee Benefits

For significant Accounting Policies relating to Interest bearing Employee benefits please refer to Note 10.2.

	2019 \$'000	2018 \$'000
Accrued salaries	28	23
Annual leave	229	259
Long service leave	599	592
Total	856	874
Settled within 12 months	759	262
Settled in more than 12 months	97	612
Total	856	874

15.16 Schedule of Administered Commitments

	2019 \$'000	2018 \$'000
By type		
Lease commitments		
Operating leases	62	8
<i>Total lease commitments</i>	62	8
<i>Other commitments</i>		
Other	222	443
<i>Total other commitments</i>	222	443
By maturity		
<i>Operating lease commitments</i>		
One year or less	23	8
From one to five years	39	-
<i>Total operating lease commitments</i>	62	8
<i>Other lease commitments</i>		
One year or less	222	326
From one to five years	-	117
<i>Total Other lease commitments</i>	222	443
Total	284	451

For significant Accounting policies relating to Commitments and contingencies please refer to Note 11.1.

The operating lease commitments include motor vehicles and information technology equipment leases. All amounts shown are exclusive of GST.

15.17 Administered Cash and Deposits

For Significant Accounting Policies relating to Cash and deposits please refer to Note 13.

Administered Cash and deposits includes the balance of the Special Deposits and Trust Fund Accounts held by the Department, and other cash held, which are administered or held in a trustee capacity or agency arrangement.

	2019 \$'000	2018 \$'000
Special Deposits and Trust Fund balance		
T516 Justice Operating Account	1 887	1 563
T435 Workers Compensation Act 1988 Fund Account	2 392	2 952
T741 Asbestos Compensation Fund	20 301	17 405
Total	24 580	21 920
Total cash and deposits	24 580	21 920

15.18 Reconciliation of Administered Net Result to Net Cash from Administered Operating Activities

	2019 \$'000	2018 \$'000
Net result from transactions	8 631	421
Gain/(loss) on accounts receivable	(2 209)	(920)
(Increase)/decrease in Provision for Compensation Payable	1 475	9 793
Increase/(decrease) in future levies receivable	(4 377)	(9 668)
Depreciation and amortisation	117	117
Decrease (increase) in Receivables	894	9 328
Increase (decrease) in Employee benefits	(18)	(13)
Increase (decrease) in Payables	(378)	496
Increase (decrease) in Provisions	(1 476)	(8 893)
Net cash from (used by) operating activities	2 659	661

15.19 Reconciliation of liabilities arising from financing activities (Administered)

The Department does not have any liabilities arising from financing activities.

15.20 Financial Instruments (Administered)

(a) Risk management policies

The Department has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The Head of Agency has overall responsibility for the establishment and oversight of the Department's risk management framework. Risk management policies are established to identify and analyse risks faced by the Department, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(b) Credit risk exposures

Credit risk is the risk of financial loss to the Department if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Assets		
Receivables	Receivables are recognised at amortised cost, less any impairment losses, however, due to the short settlement period, receivables are not discounted back to their present value.	It is Departmental policy to issue invoices with 30 day terms of trade. Fines and infringement receivables are a legislatively imposed penalty and not a commercial debt. Settlement terms vary and are subject to agreed payment schedules in accordance with the Monetary Penalties Enforcement Act 2005. Default terms without an arrangement in place are 28 days.
Cash and deposits	Deposits are recognised at amortised cost, being their face value.	Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund.

Except as detailed in the following table, the carrying amount of administered financial assets recorded in the Financial Statements, net of any allowances for losses, represents the Departments maximum exposure to credit risk without taking into account of any collateral or other security:

	2019 \$'000	2018 \$'000
Cash and cash equivalents	24 580	21 920
Receivables	68 253	65 639
Total	92 833	87 559

The carrying amount of administered financial assets recorded in the Financial Statements, net of any allowances for losses, represents the Departments maximum exposure to credit risk. The Department does not hold any collateral or other security over its receivables. The Department monitors receivables on a monthly basis and follow up procedures are undertaken for all debts that are overdue. Action taken is dependent on the length of time the debt is overdue.

The settlement term for receivables (excluding fines and infringements) is thirty days. Fines and infringement receivables are a legislatively imposed penalty and not a commercial debt. Settlement terms vary and are subject to agreed payment schedules in accordance with the Monetary Penalties Enforcement Act 2005. Default terms without an arrangement in place are 28 days.

The simplified approach to measuring expected credit loss is applied, which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on historical observed loss rates adjusted for forward looking factors that will have an impact on the ability to settle the receivables. The loss allowance for trade debtors as at 30 June 2019 and 1 July 2018 (adoption of AASB 9) are as follows:

Expected credit loss analysis of receivables as at 30 June 2019

	Past due 30 days \$'000	Past due 90 days \$'000	Past due 180 days \$'000	Past due 1 year \$'000	Past due 5 years \$'000	Total \$'000
Expected credit loss rate (A)	18%	19%	8%	21%	25%	
Total gross carrying amount (B)	1 412	1 343	3 096	9 729	11 229	26 809
Expected credit loss (A x B)	251	251	251	2 080	2 835	5 667

Expected credit loss analysis of receivables as at 1 July 2018 (adoption date of AASB 9)

	Past due 30 days \$'000	Past due 90 days \$'000	Past due 180 days \$'000	Past due 1 year \$'000	Past due 5 years \$'000	Total \$'000
Expected credit loss rate (A)	13%	10%	6%	15%	18%	
Total gross carrying amount (B)	1 366	1 808	3 051	8 535	9 283	24 043
Expected credit loss (A x B)	175	175	175	1 280	1 659	3 465

The following tables is for comparative purposes only, and represents the age analysis that was published as part of the Departments 2017-18 financial statements under the previous accounting standards.

Analysis of administered financial assets that are past due at 30 June 2018 but not impaired

	Past due 30 days \$'000	Past due 90 days \$'000	Past due 180 days \$'000	Past due 1 year \$'000	Past due 5 years \$'000	Total \$'000
Receivables	1 366	1 808	3 051	8 535	9 283	24 043

(c) Liquidity risk

Liquidity risk is the risk that the Department will not be able to meet its financial obligations as they fall due. The Department's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Liabilities		
Trade payables and Accrued expenses	Payables are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Department becomes obliged to make future payments as a result of a purchase of assets or services.	Payables, including goods received and services incurred but not yet invoiced arise when the Department becomes obliged to make future payments as a result of a purchase of assets or services. The Department's terms of trade are 30 days.

The following tables detail the undiscounted cash flows payable by the Department by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted, totals may not reconcile to the carrying amounts presented in the Statement of Financial Position.

2019

Maturity analysis for administered financial liabilities

	1 Year	2 Years	3 Years	4 Years	5 Years	More than 5 Years	Undis- counted Total	Carrying Amount
Financial liabilities								
Payables	3 293	-	-	-	-	-	3 293	3 293
Total	3 293	-	-	-	-	-	3 293	3 293

2018

Maturity analysis for administered financial liabilities

	1 Year	2 Years	3 Years	4 Years	5 Years	More than 5 Years	Undis- counted Total	Carrying Amount
Financial liabilities								
Payables	3 671	-	-	-	-	-	3 671	3 671
Total	3 671	-	-	-	-	-	3 671	3 671

(d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The primary market risk that the Department is exposed to is interest rate risk.

The Department's exposure to interest rate risk is considered to be minimal. The majority of the Department's interest bearing financial instruments are managed by the Department of Treasury and Finance.

At the reporting date the interest rate profile of the Department's administered interest bearing financial instruments is detailed below:

	2019 \$'000	2018 \$'000
Variable rate instruments		
Financial assets	22 693	20 357
Total	22 693	20 357

Changes in variable rates of 100 basis points at reporting date would have the following effect on the Department's profit or loss and equity as detailed in the following table.

Sensitivity Analysis of Department's Exposure to Possible Changes in Interest Rates

	Statement of Comprehensive Income			Equity
	100 basis points increase \$'000	100 basis points increase \$'000	100 basis points increase \$'000	100 basis points increase \$'000
30 June 2019				
Cash in Special Deposits and Trust Fund	227	(227)	227	(227)
Net sensitivity	227	(227)	227	(227)
30 June 2018				
Cash in Special Deposits and Trust Fund	204	(204)	204	(204)
Net sensitivity	204	(204)	204	(204)

This analysis assumes all other variables remain constant. The analysis was performed on the same basis for 2019.

15.20 Categories of Administered Financial Assets and Liabilities

AASB 9 Carrying amount	2019
	\$'000
Administered financial assets	
Cash and cash equivalents	24 580
Receivables at amortised cost	54 648
Receivables at fair value through profit & loss	64 054
Total	143 282
Administered financial Liabilities	
Financial liabilities measured at amortised cost	3 293
Total	3 293
AASB 9 Carrying amount	
	2018
	\$'000
Administered financial assets	
Cash and cash equivalents	21 920
Receivables	119 596
Total	141 516
Administered financial Liabilities	
Financial liabilities measured at amortised cost	3 671
Total	3 671

15.21 Comparison between Carrying Amount and Net Fair Value of Administered Financial Assets and Liabilities

	Carrying Amount 2019 \$'000	Net Fair Value 2019 \$'000	Carrying Amount 2018 \$'000	Net Fair Value 2018 \$'000
Administered financial assets				
Cash and cash equivalents	24 649	24 649	21 920	21 920
Receivables	116 120	116 120	119 709	119 709
Total administered financial assets	140 769	140 769	141 629	141 629
Administered financial liabilities				
Payables	3 330	3 330	3 671	3 671
Total administered financial liabilities	3 330	3 330	3 671	3 671

15.22 Net Fair Values of Administered Financial Assets and Liabilities

Administered Financial Assets

The Department does not have any financial assets or financial liabilities carried at fair value through the Statement of Comprehensive Income or any available for sale financial assets.

The net fair values of Cash and deposits and Receivables approximate their carrying amounts as this is the amount the Department expects to be able to settle on these items.

Administered Financial Liabilities

The net fair values of financial liabilities approximate their carrying amounts as this is the amount the Department expects to be able to settle on these items.

	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net fair Value Level 3 \$'000	Net Fair Value Total \$'000
2019				
Administered financial assets				
Cash and cash equivalents	24 580	-	-	-
Receivables	118 702	-	-	-
Total administered financial assets	143 282	-	-	-

Administered financial liabilities

Payables	3 293	-	-	-
Total administered financial liabilities	3 293	-	-	-

	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net fair Value Level 3 \$'000	Net Fair Value Total \$'000
2018				
Administered financial assets				
Cash and cash equivalents	21 920	-	-	-
Receivables	119 596	-	-	-
Total administered financial assets	141 516	-	-	-

Administered financial liabilities

Payables	3 671	-	-	-
Total administered financial liabilities	3 671	-	-	-

Note 16. Transactions and Balances Relating to a Trustee or Agency Arrangement

Transactions relating to activities undertaken by the Department in a trust or fiduciary (agency) capacity do not form part of the Department's activities. Trustee and agency arrangements, and transactions/balances relating to those activities, are neither controlled nor administered.

Fees, commissions earned and expenses incurred in the course of rendering services as a trustee or through an agency arrangement are recognised as controlled transactions.

Account/Activity	Opening balance	Net transactions	Closing balance
	\$'000	during 2018-19 \$'000	\$'000
T401 Crown Law Trust Account	1 893	(1 763)	130
T402 Property Purchase Retention Amounts Held by Crown Law	106	87	193
T404 Prisoner Earning Deposit Account	232	51	283
T434 Magistrates Court (Civil Division Litigants)	36	-	37
T451 Appeals Cost Fund Deposit Account	718	21	740
T460 Supreme Court Suitors Fund Deposit Account	994	798	1 793
T740 Criminal Injuries Fund	668	(8)	659
T829 Rental Deposit Authority Account	45 703	3 359	49 062

Note 17. Events Occurring After Balance Date

The Public Sector Union Wages Agreement 2018 was registered by the Tasmanian Industrial Commission on 19 August 2019. As part of the terms of this Agreement, departmental employees covered by the Tasmanian State Service Award, are entitled to receive an increase of 2.1 per cent per annum effective from the pay period commencing on 13 December 2018. The Department of Justice is expecting to pay this retrospective increase in respect of the period from 13 December 2018 to 30 June 2019 during September 2019. The estimated amount of the payment is \$1.3 million.

Note 18. Other Significant Accounting Policies and Judgments

18.1 Objectives and Funding

The aim of the Department of Justice (the Department) is a safe, fair and just Tasmania.

Our purpose is to support the Tasmanian Government to promote the rule of law by:

- ensuring an effective, efficient and an accessible justice system;
- protecting and respecting rights;
- improving laws; and
- influencing positive behaviour and enforcing responsibilities.

We hold the following values. Consistent with the State Service Code of Conduct, all Departmental office holders and employees:

- Behave with integrity;
- Respect others;
- Are accountable for their actions and decisions;
- Are co-operative, inclusive and open in their dealings; and
- Act without personal bias, prejudice and improper motive.

By working closely with the community, other parts of government and relevant statutory bodies, the Department aims to:

- Support our ministers by providing honest, comprehensive, accurate and timely advice;
- Administer and develop courts, tribunals, statutory and regulatory bodies that promote, protect and enforce laws;
- Inform the community about laws, rights and responsibilities;
- Undertake law and policy development;
- Support the community to achieve effective outcomes in the justice system;
- Provide a sustainable, safe, secure, humane and effective corrections system; and
- Ensure all aspects of the Department's activities are conducted effectively, efficiently and safely.

The Department provides administrative support for the Supreme and Magistrates Courts; Tasmanian Industrial Commission; Legal Aid Commission of Tasmania; Tasmanian Electoral Commission; Workers' Rehabilitation and Compensation Tribunal; WorkCover Tasmania Board; Workers Rehabilitation and Compensation Tribunal; Asbestos Compensation Commissioner; Guardianship and Administration Board; Mental Health Tribunal; Parole Board of Tasmania; Resource Management and Planning Appeal Tribunal; and the Tasmanian Planning Commission. It also supports the statutory offices of the Solicitor General, Director of Public Prosecutions; Public Guardian and the Anti-Discrimination Commissioner. Each of these areas is separately accountable to Parliament.

The Department comprises: Corrective Services; Crown Law; the Registry of Births, Deaths and Marriages; WorkSafe Tasmania; Consumer, Building and Occupational Services; Monetary Penalties Enforcement Service; Victims Support Services; Strategic Legislation and Policy; Planning Policy Unit; Corporate Support and Strategy and the Office of the Secretary.

In managing these responsibilities the Secretary and other senior officers are supported by the Division of Corporate Support and Strategy (including Financial Services, Human Resources, Information Technology Services, Projects and Information and Communications and Executive Support), and the Office of the Secretary.

Departmental activities are classified as either controlled or administered.

Controlled activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department, on behalf of the Government, or items controlled or incurred by the Government, as reported at Note 2.4.

The Department is a Tasmanian Government not-for-profit entity that is predominantly funded through Parliamentary appropriations. It also provides services on a fee for service basis, as outlined in Notes 6.4 and 15.3. The financial report encompasses all funds through which the Department controls resources to carry on its functions.

18.2 Basis of Accounting

The Financial Statements are a general purpose financial report and have been prepared in accordance with: Australian Accounting Standards (AAS) and Interpretations issued by the Australian Accounting Standards Board (AASB); and The Treasurer's Instructions issued under the provisions of the Financial Management and Audit Act 1990.

The Financial Statements were signed by the Secretary on 6 September 2019.

Compliance with the AAS may not result in compliance with International Financial Reporting Standards (IFRS), as the AAS include requirements and options available to not-for-profit organisations that are inconsistent with IFRS. The Department is considered to be not-for-profit and has adopted some accounting policies under the AAS that do not comply with IFRS.

The Financial Statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention. The accounting policies are generally consistent with the previous year except for those changes outlined in Note 18.5.

The Financial Statements have been prepared as a going concern. The continued existence of the Department in its present form, undertaking its current activities, is dependent on Government policy and on continuing appropriations by Parliament for the Department's administration and activities.

The Department has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

18.3 Reporting Entity

The Financial Statements include all the controlled activities of the Department. The Financial Statements consolidate material transactions and balances of the Department and entities included in its output groups. Material transactions and balances between the Department and such entities have been eliminated.

18.4 Functional and Presentation Currency

These Financial Statements are presented in Australian dollars, which is the Department's functional currency.

18.5 Changes in Accounting Policies

(a) Impact of new and revised Accounting Standards

In the current year, the Department has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. These include:

AASB 7 Financial Instruments: Disclosures – the objective of this Standard is to require entities to provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance; and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks. The amendments to this Standard have resulted in a reconciliation being required where there is a reclassification of financial assets or liabilities resulting from the adoption of AASB 9, as a result there is no financial impact.

AASB 9 Financial Instruments – the objective of this Standard is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant information to users of financial statements for their assessment of the amounts, timing, uncertainty of an entity's future cash flows, and to make amendments to various accounting standards as a consequence of the issuance of AASB 9. AASB 9 has replaced accounting for impairment losses with a forward looking credit loss approach. The Department has applied AASB 9 retrospectively and has not restated comparative information which was reported under AASB 139. Any difference arising from the adoption of AASB 9 have been recognised directly to equity. The effect of the change in impairment model to that of expected credit loss under AASB 9 is shown below:

	Allowances for impairment under AASB 139 as at 30 June 2018	Re-measurement	Expected credit loss under AASB 9 as at 1 July 2018
Receivables	-	-	-
Total	-	-	-

AASB 9 introduces new classification and measurement requirements. This has had the following impact on the Department.

	Measurement category	Carrying amount AASB 9	30 June 2018 \$000's	1 July 2018 \$000's	Difference \$000's
Receivables	Receivables	Amortised Cost	159	159	-
Total			159	159	-

There is no impact on the Department's financial statements from re-classification that have occurred due to the introduction of AASB 9.

(b) Impact of new and revised Accounting Standards yet to be applied

The following applicable Standards have been issued by the AASB and are yet to be applied:

AASB 15 Revenue from Contracts with Customers – The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, an uncertainty of revenue and cash flows arising from a contract with a customer. In accordance with 2015-8 Amendments to Australian Accounting Standards - Effective Date of AAS 15, this Standard applies to annual reporting periods beginning on or after 1 January 2019. Where an entity applies the Standard to an earlier annual reporting period, it shall disclose that fact. The future impact is to enhance disclosure in relation to revenue from contracts with customers. The financial impact is expected to be minimal.

2014-5 Amendments to Australian Accounting Standards arising from AASB 15 – The objective of this Standard is to make amendments to Australian Accounting Standards and Interpretations arising from the issuance of AASB 15 Revenue from Contracts with Customers. This Standard applies when AASB 15 is applied, except that the amendments to AASB 9 (December 2009) and AASB 9 (December 2010) apply to annual reporting periods beginning on or after 1 January 2018. This Standard shall be applied when AASB 15 is applied. The financial impact is expected to be minimal.

2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15 – The objective of this Standard is to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. This Standard applied to annual periods beginning on or after 1 January 2019. The impact is enhanced disclosure in relation to revenue. The financial impact is expected to be minimal.

AASB 16 Leases – The objective of this Standard is to introduce a single lessee accounting model and require a lessee to recognise assets and liabilities. This Standard applied to annual reporting periods beginning on or after 1 January 2019. The standard will result in most of the Department's operating leases being brought onto the Statement of Financial Position and additional note disclosures. The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term, and required lease payments. A corresponding right to use of asset will be recognised, which will be amortised over the term of the lease. There are limited exceptions relating to low-value leases and short-term lease. Operating lease costs will no longer be shown. The Statement of Comprehensive Income impact of the leases will be through amortisation and interest charges. The Department's current operating lease cost is shown in notes 11.1. In the Statement of Cash Flows, lease payments will be shown as cash flows from financing activities instead of operating activities. The financial impact is estimated to impact the balance sheet in the order of \$25 million.

AASB 1058 Income of Not-for-Profit Entities – The objective of this Standard is to establish principles for not-for-profit entities that apply to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives, and the receipt of volunteer services. This Standard applies to annual reporting periods beginning on or after 1 January 2019. The impact is enhanced disclosure in relation to income for not-for-profit entities. The financial impact is expected to be minimal.

18.7 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date.

18.8 Comparative Figures

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards. Details of the impact of changes in accounting policy on comparative figures are at Note 18.5.

Where amounts have been reclassified within the Financial Statements, the comparative statements have been restated.

Restructures of Outputs within the Department (internal restructures) that do not affect the results shown on the face of the Financial Statements are reflected in the comparatives in the Output Schedule at Notes 2.1 and 2.4.

The comparatives for external administrative restructures are not reflected in the Financial Statements.

18.9 Rounding

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated. Where the result of expressing amounts to the nearest thousand dollars would result in an amount of zero, the financial statement will contain a note expressing the amount to the nearest whole dollar.

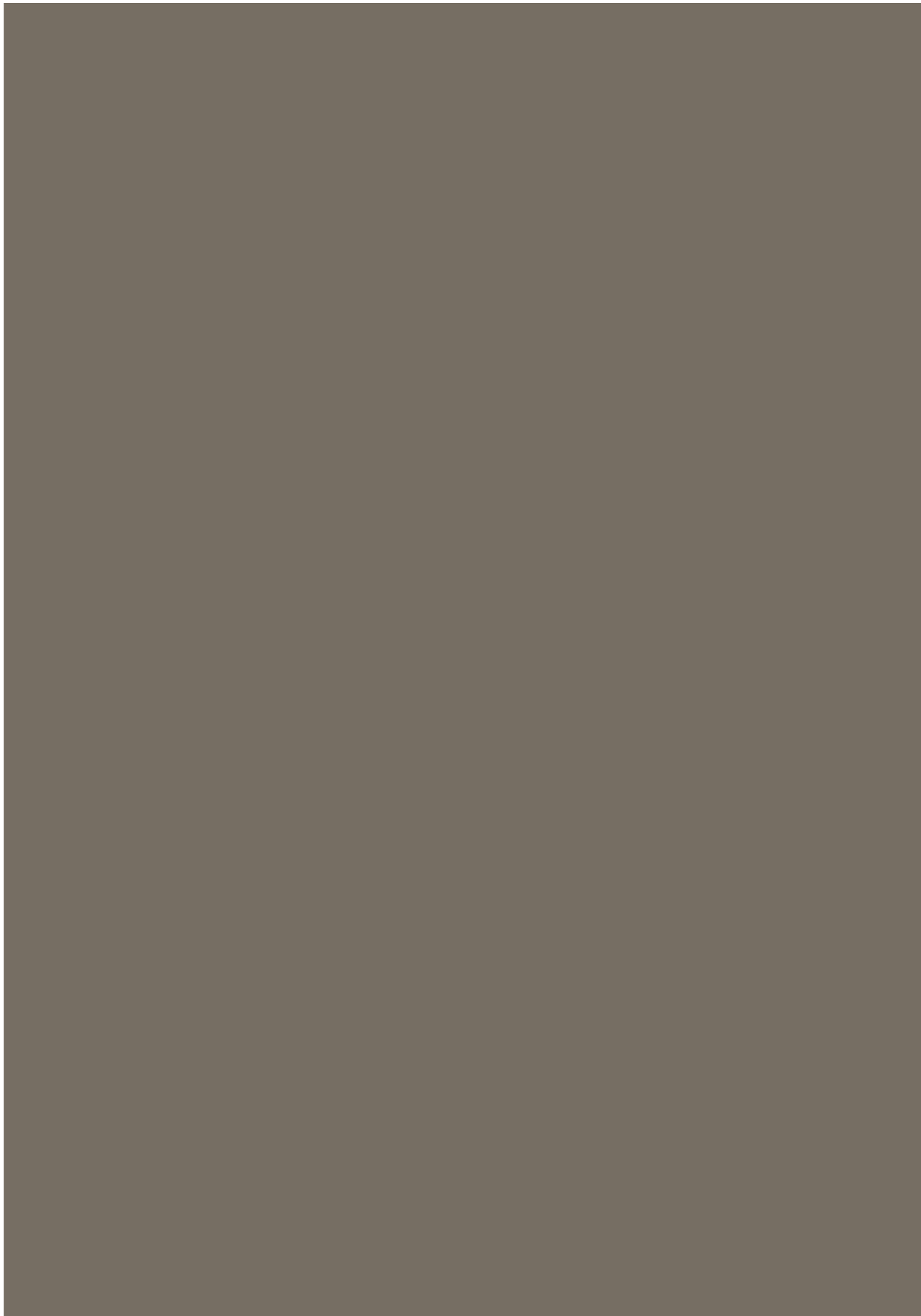
18.10 Departmental Taxation

The Department is exempt from all forms of taxation except Fringe Benefits Tax and the Goods and Services Tax.

18.11 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST. The net amount recoverable, or payable, to the ATO is recognised as an asset or liability within the Statement of Financial Position.

In the Statement of Cash Flows, the GST component of cash flows arising from operating, investing or financing activities which is recoverable from, or payable to, the ATO is, in accordance with the Australian Accounting Standards, classified as operating cash flows.



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